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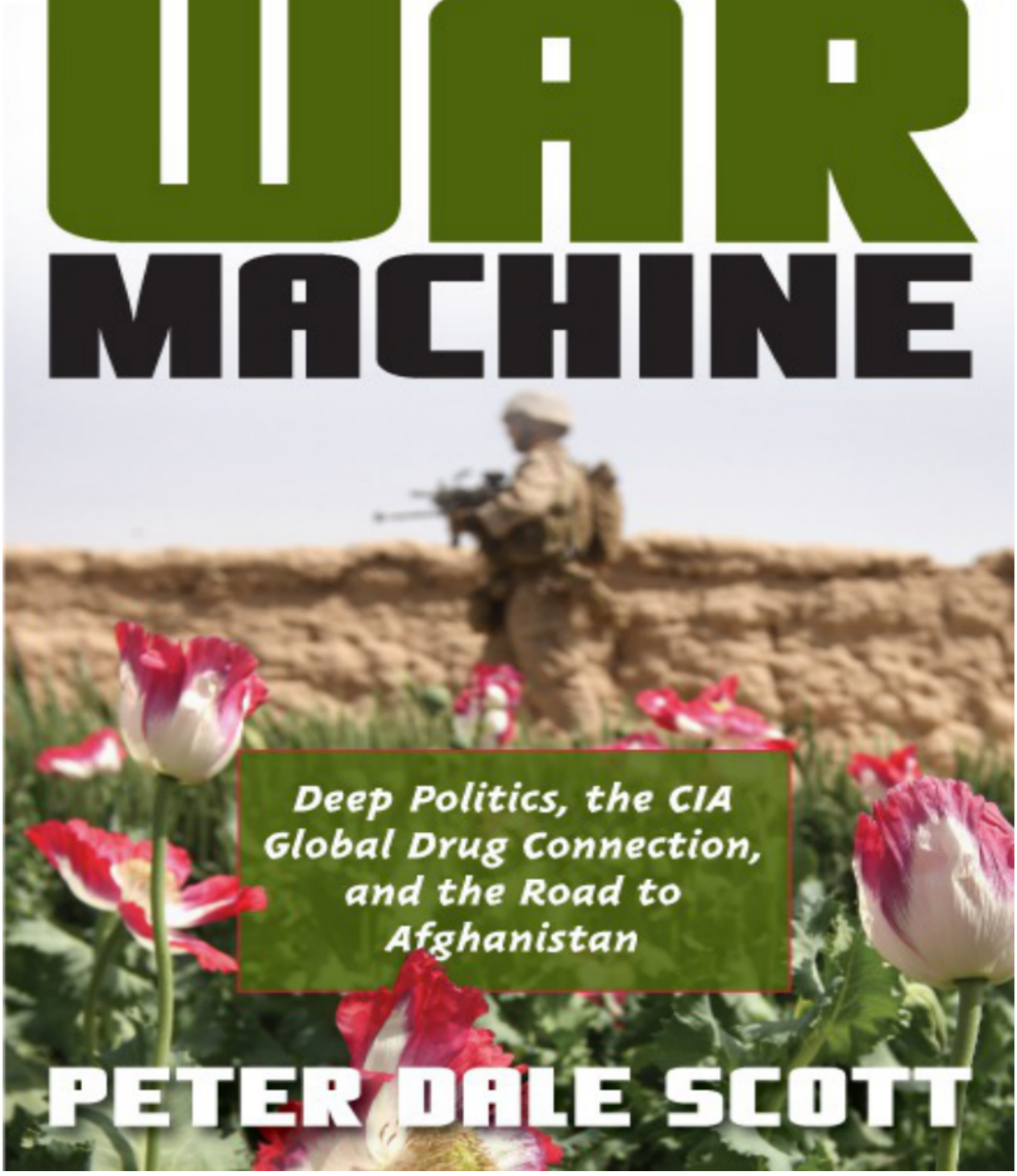

Deep Politics, the CIA Global Drug Connection, and the Road to Afghanistan

PETER DALE SCOTT

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To the countless victims of the global drug connection, and especially to those who have died exposing it.

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MY FIRST ACKNOWLEDGMENTS AND THANKS must go to my chief editor, Mark Selden.

No other book that I have ever written has owed so much to the patient and painstaking editorial guidance it has received. This is in fact the fourth book with my prose that was edited by Mark; the first, *Remaking Asia: Essays on the American Uses of Power*, was in 1974. But Mark has read and reread the present work with such care that I respectfully recognize him as, in the best sense, a collaborator. What was remarkable was the number of times he understood what I was struggling to say more clearly than I did myself.

I owe a similar debt to Susan McEachern and Janice Braunstein, my editors at Rowman & Littlefield, and to the skills of my agent, Victoria Shoemaker, and my indexer, Allan Giles. Their collective efforts,

combined with Mark's, have made my work as an author easier than it would have been otherwise. I am also grateful to those who edited and published earlier versions of this book's chapters, namely Eric Wilson, Michel Chossudovsky, Janice Matthews, and Jeremy Hammond. And I would like to thank Alan Kaufman for his legal opinions, which served to improve the book as well as protect it.

There are also many people from whom I have learned and with whom I have discussed this subject. The first to be mentioned must be Alfred McCoy, assuredly the authority most often cited in this book. Al McCoy was also a cowitness to the strange episode in Palo Alto with which the book opens. McCoy's *Politics of Heroin*, first published in 1972 and now in its third edition, remains an indispensible source for all those interested in the topic of the CIA and drug trafficking.

My ideas have also been deeply influenced by my best friend Daniel Ellsberg and by his important book *Secrets*. The works of many others, including Bertil Lintner, John Dinges, Gareth Porter, and my former coauthor, Jonathan Marshall, have also been important to me. With the rise of the Internet, I have learned to rely on the researches of a number of younger scholars. Some of these, such as Russ Baker, have become personal friends. Because of geography, others, such as Jeremy Hammond, remain e-mail correspondents only.

As some of the claims made in this book are unusual and are likely to draw adverse comment, I should make it clear that I alone am responsible for them as well as for whatever errors and shortcomings in the book that may be discovered.

I do want to thank some others in particular who have helped refine my ideas of deep politics, including R. T. Naylor, the late Penny Lernoux, Rex Bradford, Eric Wilson, Roger Morris, Richard Falk, Ole Tunander, David Ray Griffin, and Sally Denton.

At eighty-one, I do not expect to write another political book as long and as complex as this one. But I feel a great sense of gratitude for the number of younger people doing similar research in these areas. This allows me to feel confident that, no matter what happens to America's government, the search for truth is currently flourishing —and will, I believe, continue to gain in strength.

This is now the sixth book that I have dedicated with a grateful heart to my wife, Ronna Kabatznick. Our love, for more than twenty years now, keeps growing and has helped to keep me young. In the same spirit and for the same reason, I wish to thank wholeheartedly my wonderful children, their wonderful spouses, and their wonderful children.

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Peter Dale Scott
Berkeley, California
April 7, 2010

Introduction

Deep History and the Global Drug Connection

Two Researchers Encounter a Deep Event

IF BY TERRORISM WE MEAN "THE USE OF VIOLENCE TO INTIMIDATE," then in September 1971 the historian Alfred McCoy and I witnessed a minor California terrorist incident. A Vietnam veteran of Special Forces living in East Palo Alto who had seen opium loaded onto the CIA's Air America airplanes in Asia agreed on my telephone to be interviewed by the two of us. But when we arrived at his house the next morning, he had changed his mind. Motioning to us not to speak, he led us back down his front-door steps to his sports car, an MG. Overnight someone had warned him not to talk to us by burning a large hole in its steel door, with what he said could only have been a sophisticated implosion device, of the sort used by his old unit.1

One might think that such a vivid and incongruous event could hardly be forgotten, especially since it had clearly been generated by knowledge of what had been spoken on my telephone. But in fact for more than a decade, I totally suppressed my memory of it, even through the first two years of a determined poetic search to *recover* just such suppressed memories.2

And so, as I rightly suspected, had Alfred McCoy. In the preface to the 2003 edition of his monumental classic, *The Politics of Heroin*, he writes in prose about his own bizarre suppression of the same facts:

> I landed in San Francisco for a stay with poet and Berkeley professor Peter Dale Scott. He put me in touch with an ex-Green Beret, just back from covert operations in Laos, who told me, over the phone, of seeing CIA aircraft loading opium. He agreed to be interviewed on the record. The next morning, we knocked at his door in an East Palo Alto apartment complex. We never got inside. He was visibly upset, saying he "had gotten the message." What happened? "Follow me," he said, leading us across the parking lot to his MG sports car. He pointed at something on the passenger door and named a chemical explosive that that could melt a hole in sheet metal. It was, he said, a signal to shut up. I looked but cannot recall seeing. The next day, I flew to Los Angeles, visited my mother, and then flew on to Saigon, forgetting the incident.3

As I began to recall this episode in a different millennium, the incident itself seemed less surprising. The nation was then in turmoil, and even nonviolent antiwar protesters like myself were subject to ongoing surveillance. Much worse things were happening. In San Diego, "Vigilantes led by an FBI informant wrecked [an antiwar] paper's printing equipment, firebombed the car of one staffer, and nearly shot to death another."4 In Chicago in the same period, "The army's 113th Military Intelligence Group . . . provided money, tear-gas

bombs, MACE, and electronic surveillance equipment to the Legion of Justice thugs whom the Chicago Red Squad turned loose on local anti-war groups."5

The crimes I have just recalled, in Palo Alto, San Diego, and Chicago, are examples of what I first conceptualized as deep state violence and would now call deep force violence (violence from an unexplained or unauthorized source). There are many varieties of this deep non–state-sanctioned violence as so conceived. In most cases illegal violence is an assignment handed off by an established agency to organized groups outside the law. There are also cases of proxy violence when the delegation of violence is not to nonstate actors but to agencies of other governments.

Finally, there are cases in which the violence reinforces the de facto power structure of the country without directly involving the CIA or other established official agencies at all. Such violence may be affirmatively sanctioned by members of the established power structure. Or it may be passively sanctioned by failure to punish those responsible. Unprosecuted lynchings were the de facto enforcement of illegally segregated Jim Crow society in the American South. Land grabs in the American West were achieved with press-encouraged violence against native Americans, many of them nonviolent, who originally lived there.6 This cultural tolerance of violence and murder spilled over into other aspects of American life, notably union busting. (In the 1914 "Ludlow massacre," during a mineworkers strike against the Rockefeller-owned Colorado Fuel and Iron Company, only one member of the strikebreakers was convicted, and he was given only a light reprimand.7)

Most of us (including myself) don't like to dwell on such disturbing practices inside America, which is why McCoy and I both repressed what happened in East Palo Alto. But they persist, in America and throughout the world. And one reason they persist is precisely because of our reluctance to think about them.

Elsewhere I have written of civilization as "a great conspiracy/of organized denial."8 I mean by this the creation of a partly illusory mental space in which unpleasant facts, such as that all Western empires have been established through major atrocities, are conveniently suppressed.9 I say this as one who believes passionately in civilization and fears that by excessive denial our own civilization is indeed becoming threatened.

There are social and political consequences of failing to acknowledge and deal with forces of violence at work in America and the ways in which they frequently collaborate with police and intelligence agencies that are mandated to protect the American public. The fact that we suppress such discordant details of violence probably contributes to our individual mental health. But this

suppression leads to a collective politics that is increasingly unreal and ineffective, as major abuses cease altogether to be addressed.

In discussing sanctioned criminality and violence, I hope to restore one such area of suppressed memory. But the writing of this book has led me to understand my experience in Palo Alto—and indeed all such sanctioned violence—as examples of what I now call deep events: events that are systematically ignored, suppressed, or falsified in public (and even internal) government, military, and intelligence documents as well as in the mainstream media and public consciousness. Underlying them is frequently the involvement of deep forces linked either to the drug traffic or to agencies of surveillance (or to both together) whose activities are extremely difficult to discern or document.

A clearly defined deep event will combine both internal features—evidence, such as a discernible cover-up, that aspects are being suppressed—and external features—an ongoing and perhaps irresoluble controversy as to what happened. Some deep events—the 1968 assassinations, the Tonkin Gulf incidents, and 9/11—clearly have both features. Others do not. For example, the 1898 sinking of the USS *Maine* in Havana Harbor continues to spark debate and investigations, even though the case that it was a false-flag operation is usually presented without any persuasive evidence.10

In my experience, deep events are better understood collectively than in isolation. When looked at together, they constitute a larger pattern, that of deep history. For some years, beginning before 9/11, I have noted that from time to time America's recorded or archival history has been disrupted by deep events such as the John F. Kennedy assassination. These events are attributed publicly to marginal and unthreatening agents—like Lee Harvey Oswald. But cumulatively, the historical succession of deep events—such as Dallas, Watergate, and 9/11—has impacted more and more profoundly on America's political situation. More specifically, as I shall argue, America's major foreign wars are typically preceded by deep events like the Tonkin Gulf incidents, 9/11, or the 2001 anthrax attacks. This suggests that what I call the war machine in Washington (including but not restricted to elements in the Pentagon and the CIA) may have been behind them.

After completing the later chapters of this book, I have come to state this conclusion more forcefully. Since 1959, most of America's foreign wars have been wars 1) induced preemptively by the U.S. war machine and/or 2) disguised as responses to unprovoked enemy aggression, with disguises repeatedly engineered by deception deep events, involving in some way elements of the global drug connection.

Also, since completing this book, I have an even clearer picture of America's overall responsibility for the huge increases in global drug

trafficking since World War II. This is exemplified by the more than doubling of Afghan opium drug production since the United States invaded that country in 2001. But the U.S. responsibility for the present dominant role of Afghanistan in the global heroin traffic has merely replicated what had happened earlier in Burma, Thailand, and Laos between the late 1940s and the 1970s. These countries also only became factors in the international drug traffic as a result of CIA assistance (after the French, in the case of Laos) to what would otherwise have been only local traffickers.

This book goes back in time to the late 1940s and 1950s and the murky circumstances under which the CIA began to facilitate drug trafficking in South and Southeast Asia, culminating in Afghanistan. Writing it has enabled me to have further thoughts about the Palo Alto incident and particularly the importance of its date—September 1971. As we shall see, this was a time of a major change in the U.S. relationship to the Southeast Asian drug traffic. In June 1971, Nixon had declared a War of Drugs, and Laos in that same September, under instructions from the U.S. embassy, had just made opium trafficking illegal.

After two decades of CIA assistance to drug-trafficking warlords in Burma and Laos, elements in the CIA were now beginning to leak significant if partial stories about this situation to papers like the *New York Times*.11 Al McCoy, my fellow witness in Palo Alto, had himself just been briefed in Washington about the politics of heroin by CIA veterans like Edward Lansdale and Lucien Conein.12 A little earlier, a researcher on the University of California campus, with whom I (as I then thought) had initiated contact, advised me to look into the record of hitherto unknown details such as the career of Paul Helliwell and the CIA proprietary Sea Supply, Inc. It developed that he too was a CIA veteran. I now suspect (as I did not at the time) that I was being fed leads by my source as part of a larger scenario. Was the CIA project of disclosure being opposed in Palo Alto by another deep force determined to stop it? Or were the two apparent deep forces really one, working in Palo Alto to set limits to a predefined limited hangout? I still do not know, but writing this book has helped me to better understand the relevant historical developments in 1971 (see chapter 6).

In earlier versions of this book, I attributed the sanctioned violence of the Palo Alto incident, like the Letelier assassination I discuss next, to the CIA's global drug connection. But that statement does not solve a mystery: it opens one up. As a matter of description, it sounds more precise than terms I have used in earlier books: "the dark quadrant" from which parapolitical events emerge or "the unrecognized Force X operating in the world," which I suggested might help explain 9/11.13 But the precision is misleading: in this book I am indeed attempting to

denote and describe a deep force, or forces, that I do not fully understand.

This mystery underlies, for example, the careers of men like Willis Bird and Paul Helliwell or of institutions like the Bank of Credit and Commerce International that were of use to both the CIA and the international drug trade. And I shall argue that if we do not focus more on this neglected aspect of the American war machine, we shall never come to grips with the forces behind the ill-starred U.S. involvement in Afghanistan.

Drugs, the State, and the Letelier Assassination

A serious manifestation of sanctioned violence (or, if you will, of a mysterious deep force) was the 1976 assassination of former Chilean diplomat Orlando Letelier in the streets of Washington. This was a covertly arranged *deep event*, an event in which key facts were certain from the outset to be suppressed, an event that mainstream information systems failed to discuss candidly, and an event that earned for those few scholars who have studied it the derisive label of "conspiracy theorists."

Some basic facts about the Letelier assassination have slowly come to light over a quarter century and are now mostly no longer contested. It is now known that Letelier was killed on orders from the Chilean intelligence agency DINA, with the aid of a supranational collaborative assassination apparatus, Operation Condor, which the CIA had helped to create.14 We shall look more closely at Condor and its drug connections in this book. What is particularly relevant here is that DINA, Condor, and the Cuban Americans who were involved in Letelier's assassination were all also involved in drug trafficking.

There were American aspects to the killing as well as Chilean ones.15 Shortly before the murder, secretary of state Kissinger blocked a proposed urgent State Department warning to Latin American Condor states not to engage in assassinations.16 Two days after the killing, CIA Director George H. W. Bush received a memo reporting the speculation (which proved to be accurate) "that, if Chilean Govt did order Letelier's killing, it may have hired [Miami] Cuban thugs to do it."17 Yet for weeks after the killing, the U.S. press ran stories that (as the *New York Times* put it) the FBI and CIA "had virtually ruled out the idea that Mr. Letelier was killed by agents of the Chilean military junta."18 The CIA had evidence in its files against DINA when the FBI went to meet with Bush about CIA cooperation on the Letelier murder probe. But Bush did not turn over those files, making him arguably guilty of obstructing justice.19

I agree with John Prados that in all this, the CIA was complicit in

DINA's and Condor's terrorism:

> The reluctance of U.S. authorities to investigate links between the Letelier assassination and DINA is a measure of the collusion at that point between Washington and Chile. Condor became in effect a terrorist network. . . . Through its actions in Chile the Central Intelligence Agency contributed to the inception of this horror. . . . In particular there is clear evidence that the Letelier assassination could have been prevented but was not.20

Even in the best accounts of the Letelier assassination, the drug aspect of the killing is usually ignored. Yet, as we shall see, the Cuban Nationalist Movement, from which Letelier's Cuban assassins were picked, was reported to be financing itself through drug smuggling organized by DINA.21 That the U.S. government covered up a drug-financed assassination in its own capital is another fact I continually repress from my own mind, even though I have twice written about it in the past. It is one more clue to a larger pattern easily repressed, that is, of recurring drug traffic involvement in CIA-related assassinations.

The continuous U.S. involvement in the global drug connection, one of the main themes explored in this book, is a destructive pattern that persists to this day. In the next chapter, I shall argue that it is not a self-contained activity, extrinsic to the basic sociopolitical structure of America, but an integral cause and part of a larger war machine, an apparatus with a settled purpose fixed on achieving and maintaining global American dominance.

Deep Events and Illegally Sanctioned Violence

I call the Letelier murder a *deep event* because the involvement of protected covert assets made it an event that would, at least initially, be covered up rather than exposed by the mainstream American media. Furthermore, the forces underlying it were too deeply interwoven with backdoor intelligence operations to be promptly resolved by the normal procedures of law enforcement. It was thus an example of sanctioned violence, by which I mean not that it was affirmatively approved in advance by Americans (on this point I have no information) but that at all stages the perpetrators were protected by others in higher authority.

Many Americans are at least dimly aware that we have had a number of similar deep events involving this form of sanctioned violence in the past half century. Some of these, including the murders of John F. Kennedy, Martin Luther King Jr., and Robert Kennedy, have had significant structural influence on the subsequent evolution of American political history. I have argued in *The Road to 9/11* that we should consider the attack of 9/11 as yet another example of a deep

event, another chapter in our nation's deep history.

The problem of illegally sanctioned and protected violence—violence regularly suppressed from our consciousness—is not necessarily attributable to the state as we normally think of it. We do not know if any state was directly involved in the recent unexplained murder of an Italian banker, Roberto Calvi, related to scandals at the Vatican bank, and it has even been argued that Pope John Paul I was murdered by those involved in these same scandals. But where there is cover-up, as in the Calvi case, the murderers have profited from a state connection.22

Inside the United States, the CIA's involvement with sanctioned violence is inseparable from the occasional resort to the violence of organized crime by U.S. business. This is a long history, from the involvement of gangs with fruit companies in the nineteenth century and in newspaper circulation wars soon after; to the use of mobsters to combat labor unions by Andrew Carnegie, Henry Ford, and others; to the corrupt takeover of unions in the transport, garment, hotel, and entertainment industries; and possibly to the death in a plane crash of United Auto Workers leader Walter Reuther.23

The politically minded rich, or what I have called the overworld, have reasons to tolerate mob violence that never occur to those of lesser means. At a minimum they are often not unhappy to see local law enforcement in cities like Chicago or New Orleans weakened generally by mob corruption. Frequently they will turn to the same elements, on a local or national level, to influence corrupt legislators themselves. And sometimes they will turn to mob violence to achieve their own private political goals, with more impunity abroad in banana republics but occasionally also at home.

This history has never been properly written. But organized crime's role in corrupting politics and politicians served the purpose of business interests who wished on occasion to do the same. And when the CIA came to use mobsters for violence—such as John Roselli, Sam Giancana, and Santos Trafficante in the attempted assassination of Fidel Castro—they too turned to the same resources.24 In so doing, they made the same drug connections that older multinational firms like American and Foreign Power had made before them around the world—a classic example being the lease on a Havana racetrack that in 1937 was granted to Meyer Lansky by the National City Bank of New York (now Citibank).25

I conclude from these business examples that in studying the politics of violence, we should look at the entire template of unrecognized or deep power that maintains a violent status quo in our society, a template that embraces bureaucracies, intelligence agencies, business, and even media. The drug traffic itself is part of this wider template and a recurring factor in our deep history. So is that part of the

overworld that launders drug money or hires criminals for its private needs. Many ordinary people, in an extraordinary number of urban locations, are more governed in their daily lives by their debts to local drug traffickers than by their debts to the public state. They know that if they fail to pay their taxes, they face fines or even prison, but if they fail to meet a drug debt, someone, perhaps a loved one, may be killed.

Max Weber defined the successful modern state as something that "successfully upholds a claim on the monopoly of the legitimate use of violence [*Gewaltmonopol*] in the enforcement of its order."26 It is against this illusory ideal, subscribed to by most political scientists, that many states have recently been judged to be *weak states* (if the monopoly is successfully challenged) or *failed states* (if its claim can no longer be sustained).

My own thinking is that Weber's definition falsely invests the public state with a structural coherence that in fact it does not possess, never has possessed, and possesses even less as democracy develops. Even in America, one of the more successful states, there has always been a *negative space* in which overworld, corporate power, and privately organized violence all have access to and utilize each other, and rules are enforced by powers that do not derive from the public state.

Perhaps the most striking example of such nonstate rule was the city of Chicago after World War II. A 1962 murder conviction, after an FBI investigation ordered by Attorney General Robert Kennedy, marked the first Chicago conviction in an organized crime slaying since 1934—a period of almost three decades marked by about a thousand unsolved murders.27 Several major "legitimate" fortunes, of national scope, had their origins in Chicago mob-based corruption, and the mob's domination of Chicago City Hall created a climate of selective nonenforcement in which the best-connected private capitalists thrived.

One of the first acts of the newly created National Security Council in 1947 was to launder "over $10 million in captured Axis funds to influence the [Italian] election [of 1948]."28 This use of off-the-books financing for criminal activities was institutionalized in 1948 with the creation of a covert Office of Policy Coordination (OPC), whose charge was to engage in "subversion against hostile states."29 As a consequence, the CIA's Directorate of Operations, which in 1952 absorbed the OPC, has become accustomed to the routine breaking of foreign laws on a daily basis. According to a congressional staff study, "A safe estimate is that several hundred times every day (easily 100,000 times a year) operations officers engage in highly illegal activities (according to foreign law) that not only risk political embarrassment to the United States but also endanger the freedom if not lives of the participating foreign nations and, more than occasionally, of the clandestine officer himself."30

OPC enlisted drug traffickers in Europe as allies in defending the states of Western Europe from the risks of a communist or Russian takeover. In Southeast Asia it did more than just make alliances with drug traffickers; through Operation Paper (see the following discussion), it armed and assisted its drug proxies to build up and control an expanded international opium and heroin traffic. We shall see that OPC's purposes in doing so were not (as in Europe) essentially defensive; in the absence of other reliable allies it used drug financing to help develop an offensive anticommunist force that became largely responsible, in 1959, for the relaunching of war in Indochina. We are still dealing today with the problem of the OPC-assisted drug traffic, now largely relocated from Southeast Asia to Afghanistan. This book will show how the U.S. use of drug proxies in Asia, combined with the absorption in 1952 of OPC into the U.S. bureaucracy, helped convert the traditional U.S. defense establishment in Europe into something different in Asia, an offensive American war machine.31

OPC in its inception was completely dominated by New York Social Register members of the Wall Street overworld, like its director Frank Wisner. But both the state and its relations to deep forces have evolved considerably since the 1940s. The CIA in particular was partially bureaucratized and subjected to a measure of bureaucratic oversight by Congress. This was followed by the creation of new institutions designed specifically to escape accountability to Congress.

The most concrete example is the Joint Special Operations Command (JSOC) created under the Pentagon in 1980, which appears to play a similar role. In Iran, for example, JSOC appears to have made contact with at least two resistance groups that are also involved in drug trafficking.32

Today perhaps the most notorious emblem of nonaccountable deep power (if not the most important) is Blackwater, now officially renamed Xe Services.33 After CIA Director Leon Panetta announced in June 2009 that he had cancelled the CIA's assassination program, *The Nation* reported that Blackwater was continuing to assassinate in a nonaccountable program with JSOC:

> At a covert forward operating base run by the US Joint Special Operations Command (JSOC) in the Pakistani port city of Karachi, members of an elite division of Blackwater are at the center of a secret program in which they plan targeted assassinations of suspected Taliban and Al Qaeda operatives, "snatch and grabs" of high-value targets and other sensitive action inside and outside Pakistan, an investigation by *The Nation* has found.34

We shall discuss Blackwater later. What I wish to point out now is how antithetical is the background of Blackwater's owner, Erik Prince, to the old-wealth establishment figures of OPC in 1948. Prince is a new-wealth capitalist from the Midwest, the bulk of whose fortune

comes from his contracts with the war machine he is part of. His father, Edgar Prince, was a leading member (and his mother president) of the Dallas-based Council for National Policy, a far-right nationalist group expressly created to counter the internationalist policies of New York's Council on Foreign Relations.

The shift from OPC to Blackwater epitomizes the shift in America over a half century from a civilian-based economy to a war-based economy, from internationalism to nationalism, from a defense establishment to an offense establishment. The key to that shift can be seen in the troubled politics of the 1970s, the result of which was the perpetuation of the war machine enlarged by the Vietnam War.

Operation Condor was part of that troubled 1970s history. As we shall see, it was CIA-sponsored and, in assassinating Letelier, was able to extend its operations into Washington, the seat of American government.

Creating an International Islamist Army: Casey, BCCI, and the Creation of Al-Qaeda

The other most significant case in which the CIA became a front for sanctioned violence was CIA Director William Casey's use of the CIA in the 1980s to promote his own plans for Afghanistan. Casey's Afghan initiatives aroused the concern of the CIA's professional operatives and analysts, including his deputy directors, Bobby Ray Inman and John McMahon.35 But this did not deter Casey from making high-level decisions about the Afghan campaign outside regular channels when meeting in secret with foreigners.

One man Casey dealt with in this fashion was Agha Hasan Abedi, a close adviser to General Zia of Pakistan and, more important, the head of the Bank of Credit and Commerce International (BCCI):

> Abedi helped arrange Casey's sojourns in Islamabad and met with the CIA director during visits to Washington. Typically, Abedi would stay in a hotel and Casey would go to his suite. The two men, who met intermittently over a three-year period, would spend hours talking about the war in Afghanistan, the Iran-Contra arms trades, Pakistani politics, and the situation in the Persian Gulf.36

The CIA later reported that it had no records of any such meetings. Members of Senator John Kerry's staff, who investigated this relationship, concluded that Casey in his dealings with Abedi may have been acting not as CIA director but as an adviser to President Reagan, so that his actions were "undocumented, fully deniable, and effectively irretrievable."37 (Casey's dealings with BCCI may not have been at arm's length: the weapons pipeline to Afghanistan allegedly involved funding through a BCCI affiliate in Oman, in which Casey's

close friend and business associate Bruce Rappaport had a financial interest.38)

Unquestionably BCCI offered Casey an opportunity to conduct off-the-books operations, such as the Iran-Contra arms deal, in which BCCI was intimately involved. But the largest of these operations by far was the support to the Afghan mujahideen resistance against the Soviet invaders, where once again BCCI played a major role. Casey repeatedly held similar meetings with General Zia in Pakistan (arranged by Abedi)39 and with Saudi intelligence chiefs Kamal Adham and Prince Turki al-Faisal (both BCCI shareholders). As a result of such conclaves, Prince Turki distributed more than $1 billion in cash to Afghan guerrillas, which was matched by another billion from the CIA. "When the Saudis provided the funding, the administration was able to bypass Congress."40 Meanwhile "BCCI handled transfers of funds through its Pakistani branches and acted as a collection agency for war matériel and even for the mujahedin's pack animals":41

> To access the CIA money was relatively easy. Bags of dollar bills were flown into Pakistan and handed over to Lieutenant General Akhtar Abdur Rahman, the ISI [Inter-Services Intelligence] director. Rahman banked the cash in ISI accounts held by the National Bank of Pakistan, the Pakistan-controlled Bank of Credit and Commerce International (BCCI) and the Bank of Oman (one-third owned by the BCCI).42

Yet there is not a word about BCCI in *Ghost Wars*, Steve Coll's otherwise definitive history of the CIA's campaign in Afghanistan. Similarly there is no mention of BCCI in Coll's excellent book *The Bin Ladens*, even though he provides an extended description of how Prince Turki arranged for "transfers of government cash to Pakistan."43

Casey's involvement with BCCI was not just a backdoor operation with a bank; it was a multi-billion-dollar backdoor operation with a criminal bank accused, even by its own insiders, of

> global involvement with drug shipments, smuggled gold, stolen military secrets, assassinations, bribery, extortion, covert intelligence operations, and weapons deals. These were the province of a Karachi-based cadre of bank operatives, paramilitary units, spies, and enforcers who handled BCCI's darkest operations around the globe and trafficked in bribery and corruption.44

There were huge and lasting historical consequences from Casey's apparently unilateral decision to work with BCCI. One was that BCCI's drug clients in Pakistan and Afghanistan, notably Gulbuddin Hekmatyar, emerged in the 1980s, with protection from General Zia, as dominant figures in an expanded Afghan heroin drug traffic that continues to afflict the world.45 (According to McCoy, BCCI "played a critical role in facilitating the movement of Pakistani heroin money that reached $4 billion by 1989, more than the country's legal

exports."46)

A second consequence was that many of the CIA funds intended for the Afghan mujahideen were instead siphoned off by ISI and redirected to Khan Research Laboratories (KRL) for the successful development of Pakistan's atomic bomb. "Although the European intelligence community frequently warned of fraudulent activities between BCCI, the BCCI Foundation and KRL, the Reagan administration continually denied there was a problem."47 In turn the head of the labs, Abdul Qadeer Khan, "created a vast network that has spread nuclear know-how to North Korea, Iran and Libya."48 In 2008 the Swiss government allegedly seized and destroyed, from the computers of just one network member, nuclear bomb blueprints and manuals on how to manufacture weapons-grade uranium for warheads, but investigators feared that these might nonetheless still be circulating on the international black market.49

A third consequence was that Casey could help build up the foreign legion of so-called Arab Afghans in Afghanistan, even though the CIA hierarchy in Langley rightly "thought this unwise."50 It was this foreign legion which in 1988 redefined itself as al-Qaeda.51

Such can be the consequences of ill-considered covert operations conceived by very small cabals!

U.S. Responsibility for the Flood of Heroin in the World

Here is yet another fact that is so alien to our normal view of reality that I myself find it hard to keep in mind: *U.S. backdoor covert foreign policy has been the largest single cause of the illicit drugs flooding the world today*. It is worth contemplating for a moment the legacy of CIA-supported drug proxies in just two areas—the Golden Triangle and the Golden Crescent. In 2003, according to the United Nations, these two areas accounted for 91 percent of the area devoted to illicit opium production and 95 percent of the estimated product in metric tons. (Add in Colombia and Mexico, two other countries where the CIA has worked with drug traffickers, and the four areas accounted for 96.6 percent of the growing area and 97.8 percent of the estimated product.52)

The CIA's covert operations were not the sole cause for this flood of opium and heroin. But the de facto protection conferred on sectors of the opium trade by CIA involvement is clearly a major historical factor for the world crime scourge today.

When the CIA airline CAT began its covert flights to Burma in the 1950s, the area produced about eighty tons of opium a year. In ten years' time, production had perhaps quadrupled, and at one point

during the Vietnam War the output from the Golden Triangle reached 1,200 tons a year. By 1971, there were also at least seven heroin labs in the region, one of which, close to the CIA base at Ban Houei Sai in Laos, produced an estimated 3.6 tons of heroin a year.53

Afghan opium production has been even more responsive to U.S. operations in the area. It soared from 200 metric tons in 1980, the first full year of U.S. support for the drug-trafficking mujahideen Gulbuddin Hekmatyar, to 1,980 metric tons in 1991, when both the United States and the Soviet Union agreed to terminate their aid.54 After 1979 Afghan opium and heroin entered the world market significantly for the first time and rose from roughly 0 to 60 percent of U.S. consumption by 1980.55 In Pakistan there were hardly any drug addicts in 1979; the number had risen to over 800,000 by 1992.56

In 2000–2001 the Taliban virtually eliminated opium production in their area of Afghanistan. Thus total production for 2001 was 185 metric tons. Nearly all of this was from the northeastern corner controlled by the drug-trafficking Northern Alliance, which in that year became America's ally in its invasion. Once again production soared after the U.S. invasion in 2001, in part because the United States recruited former drug traffickers as supporting assets in its assault. From 3,400 metric tons in 2002, it climbed steadily until "in 2007 Afghanistan produced an extraordinary 8,200 tons of opium (34% more than in 2006), becoming practically the exclusive supplier of the world's deadliest drug (93% of the global opiates market)."57

The conspicuous (and rarely acknowledged) fact that backdoor aspects of U.S. policies have been a major causal factor in today's drug flows does not of course mean that the United States has control over the situations it has produced. What it does indicate is that repeatedly, as a Brookings Institution expert wrote of the U.S. Afghan intervention of 1979–1980, "drug control evidently became subordinated to larger strategic goals."58 Congress has done nothing to alter these priorities and is not likely to do so soon.

The CIA shares responsibility not only for the increase in global drug production but also for significant smuggling into the United States. This was demonstrated by two indictments by the U.S. Department of Justice in the mid-1990s. In March 1997, Michel-Joseph François, the CIA-backed police chief in Haiti, was indicted in Miami for having helped to smuggle thirty-three tons of Colombian cocaine and heroin into the United States. The Haitian National Intelligence Service (SIN), which the CIA helped to create, was also a target of the Justice Department investigation that led to the indictment.59

A few months earlier, General Ramon Guillén Davila, chief of a CIA-created antidrug unit in Venezuela, was indicted in Miami for smuggling a ton of cocaine into the United States. According to the

New York Times, "The CIA, over the objections of the Drug Enforcement Administration, approved the shipment of at least one ton of pure cocaine to Miami International Airport as a way of gathering information about the Colombian drug cartels." *Time* magazine reported that a single shipment amounted to 998 pounds, following earlier ones "totaling nearly 2,000 pounds."60 Mike Wallace confirmed that "the CIA-national guard undercover operation quickly accumulated this cocaine, over a ton and a half that was smuggled from Colombia into Venezuela."61 According to the *Wall Street Journal*, the total amount of drugs smuggled by General Guillén may have been more than twenty-two tons.62

But the United States never asked for Guillén's extradition from Venezuela to stand trial, and in 2007, when he was arrested in Venezuela for plotting to assassinate President Hugo Chavez, his indictment was still sealed in Miami.63 Meanwhile, CIA officer Mark McFarlin, whom Drug Enforcement Administration (DEA) Chief Bonner had also wished to indict, was never indicted at all; he merely resigned.64

François and Guillén were part of an interconnected network of CIA-protected drug-trafficking intelligence networks south of the U.S. border, including the SIN of Vladimiro Montesinos in Peru, the G-2 of Manuel Noriega in Panama, the G-2 of Leonidas Torres Arias in Honduras, and, perhaps above all, the DFS of Miguel Nazar Haro and Fernando Gutiérrez Barrios in Mexico.65

But the Guillén case transcends all the others both in size and also because in this case, as former DEA Chief Robert Bonner explained on *60 Minutes*, the CIA clearly broke the law:

> [MIKE] WALLACE [voiceover]: Until last month, Judge Robert Bonner was the head of the Drug Enforcement Administration, the DEA. And Judge Bonner explained to us that only the head of the DEA is authorized to approve the transportation of any illegal narcotics, like cocaine, into this country, even if the CIA is bringing it in.
> Judge BONNER: Let me put it this way, Mike. If this has not been approved by DEA or an appropriate law-enforcement authority in the United States, then it's illegal. It's called drug trafficking. It's called drug smuggling.
> WALLACE: So what you're saying, in effect, is the CIA broke the law; simple as that.
> Judge BONNER: I don't think there's any other way you can rationalize around it, assuming, as I think we can, that there was some knowledge on the part of CIA. At least some participation in approving or condoning this to be done. (Footage of Wallace and Bonner; the CIA seal)
> WALLACE: (Voiceover) Judge Bonner says he came to that conclusion after a two-year secret investigation conducted by the DEA's Office of Professional Responsibility, in cooperation with the CIA's own inspector general.66

According to *Time*, "The stated purpose of the scheme was to help one of the Venezuelan general's agents win the confidence of Colombia's drug lords," specifically the Medellin cartel.67 But by facilitating multiton shipments, the CIA was becoming *part* of the Colombian drug scene (just as, we shall see, it became in the 1950s an

integral part of the Burma–Laos–Thailand drug scene). As I wrote in *Drugs, Oil, and War*,

> The CIA can (and does) point to its role in the arrest or elimination of a number of major Colombian traffickers. These arrests have not diminished the actual flow of cocaine into the United States, which on the contrary reached a new high in 2000. But they have institutionalized the relationship of law enforcement to rival cartels and visibly contributed to the increase of urban cartel violence.
>
> The true purpose of most of these campaigns, like the current Plan Colombia, has not been the hopeless ideal of eradication. It has been to alter market share: to target specific enemies and thus ensure that the drug traffic remains under the control of those traffickers who are allies of the Colombian state security apparatus and/or the CIA. This confirms the judgment of Senate investigator Jack Blum a decade ago, that America, instead of battling a narcotics conspiracy, has "in a subtle way . . . become part of that conspiracy."68

The fact that the CIA, two decades ago, became involved in facilitating massive shipments of cocaine impels us to consider the recent allegation by a Russian general that "drugs are often transported out of Afghanistan on American planes."69 We will consider this question at the end of this book.

Sanctioned Violence, Off-the-Books Violence, and the Global Drug Connection

As I argued in *The Road to 9/11*, the compelling conclusion one draws from anecdotes such as the Guillén Davila story is that secrecy in American decision making, although sometimes necessary for protecting our security, has grown to become a significant threat to American security. America does not lack experts who can see a proper course in dealing with the rest of the world. But we suffer from a hierarchy of secrecy that ensures that these experts can and will be overridden by small cabals with much more restricted, foolish, and often dangerous objectives. This deferral of public power has created what some have called (following Madison), an *imperium in imperio*.70

I hope in this book to persuade readers to set aside their doubts and consider that, for sixty years, backdoor covert operations and in particular the drug–security relationship have had a powerful influence on the evolution of America's posture in relation to the rest of the world. And if this narrative is at all persuasive, one has to ask also whether the catastrophe of 9/11 was also to some extent the product of a drug–security relationship.

There are in this country today those who argue vocally that, in a war against terror, one should not be looking critically at the methods and alliances selected by our security establishment. I hope to make the case that these alliances have done more to create the crisis we are now in than to resolve it.

But the main purpose of this book is not just to criticize or to shock but to seek a better history for this country, one that is less contaminated by the twin forces of sanctioned violence and drugs. I have already indicated that civilization and denial are closely related, and in fact the style of each helps to determine the style of the other—a matter I shall return to in my conclusion.

I wish to present three propositions to which both left and right should be able to agree: first, that our country today is seriously afflicted by our security institutions to the extent that our constitutional government is altered and indeed threatened; second, that these relationships are associated with episodes of sanctioned violence, violence that will not be resolved by the normal processes of law enforcement; and, third, that there will be no progress in dealing with this affliction and threat until these interactions are publicly exposed and debated.

By the end of this book, we shall be looking at what I have hitherto called sanctioned violence in the light of what I call the global drug connection: a connection and milieu that in fact involves far more than merely the global drug traffic. I hope to present the global drug connection as a form of hitherto sanctioned off-the-books governance exploited by Washington. The evidence in the following chapters will, it is hoped, strengthen this disturbing hypothesis.

I will finally argue that involvement of U.S. intelligence operators and agencies in the global drug traffic and in other international criminal networks is a factor that deserves greater attention in the emerging debate over the U.S. presence in Afghanistan.

I
Overview

1
Sanctioned Violence, the Dominance Machine, and the Overworld

Sanctioned Violence and the Deep State

IN 1996 THE CRASH OF A SPEEDING MERCEDES on a Turkish highway near Susurluk opened a window into the darker side of Turkish politics, and eventually the darker face of globalization as well. Any one of the victims would have made the local news, but the biggest news was that they were traveling together. Found in the wreckage were the bodies of a member of Parliament, a former deputy police chief, a beauty queen, and her lover, a politically connected heroin trafficker and murderer named Abdullah Çatli.1 The intrigue was heightened by the contents of the car: a cache of narcotics, thousands of U.S. dollars, pistols with silencers, machine guns, and six different sets of official identity documents for Çatli, including a special "Green Passport" (for public officials) signed by the Turkish minister of the interior.2

The more the press researched this so-called Susurluk incident, the more complex it became. The name in Çatli's passport, Mehmet Özbay, was an alias that, according to Lucy Komisar, was also in the passport of the Turkish shooter of Pope John Paul II, Mehmet Ali Ağca:3

> But what raised eyebrows was the seemingly incongruous presence of . . . Abdullah Catli riding with the top police and government officials. Police had supposedly been hunting Catli, a convicted international drug smuggler since 1978, for his part in the killing of scores of left-wing activists. At that time, Catli had been head of the "Gray Wolves," the youth arm of the neo-fascist MHP (National Action Party).4

Both Çatli and Ağca were indeed death squad members of a right-wing paramilitary organization, the Grey Wolves. Douglas Valentine, in *The Strength of the Pack*, reports the suspicions of Drug Enforcement Administration (DEA) officers that the Grey Wolves were a unit in the Counter-Guerrilla Center in Istanbul, advised by CIA officers Henry P. Schardt and Duane ("Dewey") Clarridge.5 Daniele Ganser's less controversial claim is that the Grey Wolves overlapped with the Gladio program of "stay-behind" covert counterguerrilla forces supported by the U.S. Military Mission and the CIA:6

> After the discovery of NATO's secret stay-behind armies across Western Europe in 1990 it was revealed in Turkey that CIA liaison officer [Colonel] Türks had recruited heavily among the Grey Wolves to staff the secret stay-behind army which in Turkey operated under the name Counter-Guerrilla.

More than a decade earlier, Turkish General Turhan had said of Counter-Guerrilla, which had tortured him, "This is the secret unit of the NATO countries."7 And for two decades Counter-Guerrilla had performed such functions as mob violence, torture, and assassinations for the Turkish army, operating, as General Turhan was told by his torturers, "outside the constitution and the laws."8 Like other groups in liaison with the CIA, the methods taught and commanded by Counter-Guerrilla included "assassinations, bombings, armed robbery, torture, . . . disinformation, violence, and extortion."9

In the extended discussions of the Susurluk incident, the concept emerged in Turkey of a deep state (*gizli devlet* or *derin devlet*) underlying the public state, consisting of a parastatal alliance between the official police and the criminal death squads they were supposed to round up. But there were clearly international as well as national aspects to the grey alliance represented by the Turkish deep state. In 1982 Çatli had entered the United States at Miami together with Stefano delle Chiaie, an Italian neofascist and killer with whom he had much in common.10 Delle Chiaie had his own connections to post-Gladio terrorist activities in Italy, to the World Anti-Communist League (WACL), and more specifically to death squads working for Chile's Operation Condor in Argentina and Bolivia.11

The Global Drug Connection and the Global Dominance Machine

The problem of sanctioned violence and a deep state, in other words, was not just a Turkish phenomenon; it was a global problem. And what was striking was that the international milieu of backdoor violence frequented by Çatli and delle Chiaie—the Grey Wolves, WACL, the Chilean secret police (DINA), and the Bolivian government after the so-called cocaine coup of 1980—was everywhere accused of financing covert operations with the aid of the narcotics traffic. Under the dictatorship of General Augusto Pinochet, for example, the Chilean army and secret police (DINA) exported tons of cocaine from Chile to Europe.12

In discussions of the Turkish deep state (*gizli devlet* or *derin devlet*), two aspects have been perceived. The potentially larger condition of a shadow government, or a state within a state, is what we may call the *deep state phenomenon*. But there was also the more operational sense of the *deep state connection*: a hard-edged coalition of witting forces including intelligence networks, official enforcement, illegal sanctioned violence, and an internationally connected drug mafia.

To some extent both these two senses of a deep state can also be applied to the deep forces at work in America in the era of OPC (1948–1952). OPC was different from the Turkish deep state in that it

mobilized drug assets for killings abroad, more than at home, and contributed to the development of Gladio networks abroad such as the Grey Wolves. But OPC's chief legacy is to have strengthened parastatal forces in Asia and Washington that developed more and more into the offensive American war machine at home.

Today everything that has ever been labeled "invisible government" or "shadow government" can be considered parts of that machine—not just the CIA and organized crime but also such other nonaccountable powers as the military-industrial complex (now the financial-military-industrial complex), privatized military and intelligence contractors, public relations agents, media magnates, and even Washington's most highly organized lobbyists.13

What we are describing is not just a neutral power apparatus but an apparatus with a settled purpose, a manipulative mind-set fixed on achieving and maintaining global dominance.14 Underlying the events narrated in this book is this global dominance machine or war machine, with resources both within and outside government, united not by conspiratorial oaths and handshakes but by a shared mentality and purpose. This dominance mind-set has come to condition the thinking of all aspiring to the highest power in Washington. Thus, today the mind-set does more to determine the choice of president than the president to determine the choice of mind-set.

This dominance or war machine is similar to what Peter Phillips and Mickey Huff have called the "global dominance group," but it is more extensive. Phillips and Huff are talking of an interlocking restricted group "of some several hundred people who share a goal of asserting US military power worldwide."15 I see the war machine as comprising a wealthy overworld group at the center, drawing in below them and without a clear distinction thousands of less powerful apparatchiks whose ambition is to achieve power within the machine. As I shall argue later, the war machine extends outward from government into society, embracing not only lobbyists but also universities and the mainstream media.

There is a case for talking of the machine rather than the war machine. If this were a book about the pharmaceutical industry or the agribusiness industry, we would see different domestic activities of the same players. One of these players is Monsanto, the supplier of defoliant for the DEA's "war on drugs." At home Monsanto has harassed soybean farmers who save and plant their own seed and dairymen who advertise that they do not use growth hormone in their milk.

A fuller overview of our system might require us to talk of the machine as the predatory capitalism (meaning by predatory capitalism that late form of capitalism that extracts wealth out of society rather than enhancing the common wealth). But the machine requires U.S.

military power to enforce its control of global resources and labor markets, so I believe it is appropriate to discuss it here as ultimately a war machine.

The dominance machine, or war machine, is both larger and looser than the "shadow government" described by Len Colodny in *The Forty Years' War*, the "private CIA" posited by Joseph Trento in *Prelude to Terror*, or the "secret team" postulated by Fletcher Prouty in his book with that title.16 It is not an army of foot soldiers at the service of a central command center but rather a congeries of competing groups of power-hungry operatives, striving to achieve and maintain an apex of power. It is what authors like Chalmers Johnson choose to describe as the "military-industrial complex" if we understand that the complex now embraces the main media, petroleum, and financial enterprises as well.17

And in important contradistinction to those with monochromatic or essentialist conceptions of America itself as inherently evil, I see the war machine as something inhabiting the center of American power and dominating it, not as something identical with it. This is why I, unlike some of my antiwar friends and colleagues, attach such importance to deep events like the Kennedy assassinations, Watergate, or 9/11. But where Michael Parenti sees the Kennedy assassination as evidence of the workings of a "gangster state," I see it as the product of a gangster element within (and outside) the state, in short, as I shall argue below, of the CIA's drug connection.18 More generally, I see these events as strenuous efforts from within the war machine to adjust the American political system and to maintain it on its militaristic course.

Such an amorphous presence is difficult to describe, except by extended historical narration as in this book. But to ignore its presence is to misunderstand American politics and to contemplate strategies for social change that are superficial and doomed to fail.

One final clarification: though I refer to the "U.S. dominance machine," it should not be thought that all those supporting the goals of U.S. overseas power are Americans. On the contrary, as we shall see, an important financial role in lobbying Congress in support of the machine since World War II has consistently and continuously been played by wealthy interests abroad, particularly in Asia. This has usually been done through local gray eminences such as T. V. Soong (for Nationalist China) in the 1940s, Paul Helliwell (for Thailand) in the 1950s, Tongsun Park (for South Korea) in the 1960s, Richard Viguerie for South Korea in the 1970s,19 officials of the Bank of Credit and Commerce International (BCCI) in the 1980s, and James Riady and John Huang for Indonesia and China in the 1990s.

It has also been supported by a costly investment of funds, not always profit seeking, into American media, with the purpose and

result of shifting the spectrum of mainstream media discourse considerably toward the right. As Phillips and Huff observe,

> Billionaire Rupert Murdoch loses $50 million a year on the *NY Post*, billionaire Richard Mellon Scaife loses $2 to $3 million a year on the *Pittsburgh Tribune-Review*, billionaire Philip Anschutz loses [at a rate of] around $5 million a year on *The Weekly Standard*, and billionaire Sun Myung Moon has lost $2 to $3 billion on *The Washington Times*.20

(Before he was convicted and sent to prison, Conrad Black and the *Chicago Sun-Times* might have been added to this list.) It is I think significant that, of the four billionaires listed, the two most spectacular losers—Murdoch and Moon—come (along with the Canadian Black) from outside America.

In the course of this book, I propose to show that funds for all of the Asian gray eminences listed previously (along with Sun Myung Moon) derived, at least in part, from drug trafficking in Asia. I will argue in this book both that the U.S. dominance machine is largely responsible for the creation of the postwar drug traffic in Asia and that funds from this traffic have been recycled into America in support of the U.S. dominance machine.

I believe that this neglected underlying support for the American war machine helps explain why America is now in Afghanistan, supporting, yet again as earlier in Laos and Vietnam, a drug-corrupted regime of its own creation.

Deep States, Parastates, and America

In *The Road to 9/11*, I followed the work of Ola Tunander and labeled America a "dual state." But that term is more easily applicable to countries with severely limited rule of law, ranging from Colombia, Pakistan, and Turkey to Russia and China. Former Turkish president and prime minister Suleyman Demirel once commented on the duality revealed by the Susurluk incident and a related killing in Semdinli: "It is a fundamental principle that there is one state. In our country there are two. . . . There is one deep state and one other state. . . . The state that should be real is the spare one, the one that should be spare is the real one."21

Quite independently, Father Javier Giraldo in Colombia has described the same duality in the Colombian state:

> The Colombian state is contradictory. It tries to fulfill two functions. On the one hand it's a violent, discriminatory institution that must favor a small wealthy minority. Even basic necessities are denied to the great majority of its people. By its very nature, at its core, it is not democratic. On the other hand, in public discourse it presents itself as a state based on law, one that respects and implements justice, human rights norms, democratic laws.
>
> How do government functionaries manage this contradiction? They maintain a duality: the parastate, a structure that is illegal and clandestine, increasingly takes over the dirty

work, the repression. It doesn't appear to be part of the state. For many years now Colombia's government has been creating and maintaining these structures. The legal, constitutional structure exists parallel to structures of a parastate and paramilitary.22

Turkey's *deep state* is very similar to Colombia's *parastate*, and illegal drug trafficking is a major factor in the financing of both. Today America's deepest forces are not manifested in an external parastate as in Turkey and Colombia but rather at the heart of the dominance or war machine to be found both inside and outside the public state.23

A major thesis of this book is that the numerous authors who have written about a "shadow government" in the United States have usually neglected or underrepresented the role of the global drug connection in its development. Conversely, many authors who have written about America's state as imperialist or even narcocapitalist have often underestimated the difference between the public state itself and the war machine, which has grown more and more powerful at its center. They also tend to underestimate the tensions and occasional overt conflicts between diverse forces within the war machine—as in deep events such as Watergate.

But that tension may diminish in the future. Originally covert institutions like the CIA were contained within, circumscribed by, and even at odds with the public state. At times today it seems that the situation has reversed: it is now the public state that is circumscribed by the privatized secret forces surrounding it. This impression is reinforced by President Obama's commitment of America to a major Af-Pak War, after a campaign that, it was thought, "changed the political debate in a party and a country that desperately needed to take a new direction."24

America continues to exhibit a far more robust rule of law in civil society than either Turkey or Colombia. But the so-called military-industrial complex, once seen as a cancer growing within the civilian economy, is today such an overblown dominance that it threatens to supersede the civilian economy. In this situation the public state, by which I mean the visible institutions specified by the constitution, threatens on some matters of vital national policy to become little more than a form of theater.25

The Changing Postwar Relationship between the State and Violence

By the 1980s the relationship of U.S. intelligence networks and above all the CIA to the international drug milieu had become very complex and obscure. But there is no doubt about its postwar origins. After World War II, the United States, along with Britain and France, recurrently used both drug networks and terrorist groups as assets or proxies in the Cold War. By backing these groups, the great powers

greatly increased the power and scope of both the drug traffic and terrorist groups. As a result, in the long run, they contributed to powerful forces that weakened the rule of law both internationally and domestically.

The Cold War itself has been analyzed economically as a conflict between the incompatible systems of capitalism and communism and politically as a quest for security through global domination. But there was also an important psychological aspect to the Cold War, the almost pathological insecurity among global leaders in a world whose stability and security had been called profoundly into question by two devastating world wars. For decades the United States and the Soviet Union continued to assume the worst about the other's intentions. And both sides saw the Third World as an area in transition, destined to end in either the Soviet or the capitalist camp.

It was indeed true that the world was in an unsettled state in which the future of the existing state system was insecure. In more countries than after World War I, state governments did not possess the monopoly of organized power and violence that political theory attributed to them. Even a mature liberal democracy like the French Third Republic was torn between a revolutionary communist movement and a conspiratorial reactionary movement (the Cagoule) intriguing on the right.

In more recently invented states like Turkey, Iraq, or Iran, the tenure and prospects of the public state were far more uncertain. Not only did Western-educated urban bureaucratic elites become more and more alienated from their religious countrysides, but these countries also had to deal with unassimilable ethnic minorities. Groups within the state turned to violence not just to protect themselves from a hostile state but also to prepare for a future in which the existing state might not survive.

America's expansion into global domination has been very costly for its democratic institutions. The democratic public state represented what Jonathan Schell has called the replacement of violence by "a hugely ramified road map for the peaceful settlement of disputes."26 But when interacting with countervailing forces that did not accept the liberal road map, America, like the Soviet Union, sanctioned the use of parastatal backdoor violence to defend itself against its enemies.

Wall Street, OPC, and Off-the-Books Drug Assets

In 1951, with Operation Paper, the CIA began supplying arms and materiel to Kuomintang (KMT) troops in Burma whose primary activity was opium trafficking. The troops thus supported in the Far

East became the first major example of conducting ongoing foreign policy off the books, with assets of which the rest of the U.S. government remained relatively unaware. The decision to begin this ill-fated program was made under Truman, under circumstances that are still contested. What is obvious that major decisions were made by very small groups, cliques, and cabals whose parameters are still unclear.

Truman himself later professed ignorance that he had launched the CIA into peacetime covert operations.27 By 1951, however, when even CIA Director Walter Bedell Smith "reportedly opposed the plan" to back the KMT remnants in Burma, it is claimed that "Truman overruled him and ordered the CIA to proceed on the basis of a strict confidentiality that denied knowledge to senior agency officials and U.S. diplomats."28

In fact the initial decision was not implemented by the CIA at all but by a more covert group, the Office of Policy Coordination (OPC), the existence of which was more secret even than the CIA's. The CIA at least had been publicly empowered by the 1947 National Security Act, with a "loophole" in it through which the CIA launched covert operations in a way Congress had "not intended."29 A year later OPC was secretly authorized by the National Security Council (NSC) without congressional authorization at all.

OPC has been described as essentially the creation of two veterans of the wartime OSS. The first was Allen Dulles. Although Dulles in 1947 was a Wall Street lawyer, he was able to use the influence of the Council on Foreign Relations to impose covert operational powers on a reluctant President Truman.30 The second was Dulles's protégé Frank Wisner, another Wall Street lawyer who in 1945 had joined the State Department with a misleading title, "deputy assistant secretary for occupied countries."

According to Joseph Trento, "Dulles arranged the job for Wisner, who quickly turned it into an intelligence power base":

> By late 1947, Wisner, in an underhanded way, wielded vast power in the State Department bureaucracy. He never asked permission to conduct his operations. Rather, he played a deceptive double game in which he informed either Secretary of State George Marshall or Secretary of Defense James Forrestal that the other secretary had approved his operation. Then he went ahead and carried it out.
> . . . The OPC's employees were largely handpicked by Wisner. . . . Under the guise of refugee administration, Wisner ran his covert operations. Dulles ran Wisner from his Sullivan and Cromwell law offices.31

Wisner and Dulles (the latter even when not in the government) were powerful because of their central position in the New York overworld of law, banking, the Council on Foreign Relations, and the New York Social Register.

This overworld milieu pushed for the creation of the CIA, but while

awaiting its creation, Allen Dulles and William Donovan took steps to establish a private alternative. There are various stories describing how Allen Dulles, as a private Wall Street lawyer after World War II, organized, "on his own authority . . . a [private] spy organization clandestinely."32 According to Peter Grose, Donovan later purported to have been shocked by Dulles's plan.33 But as we shall see, the evidence suggests rather that he proceeded to implement something very like it: the World Commerce Corporation, which included among its founders the legendary British intelligence chief William Stephenson and Nelson Rockefeller.34

As Richard Helms narrates in his memoirs, in 1946 General Vandenberg, as director of Central Intelligence (DCI), recruited Allen Dulles, then a Republican lawyer at Sullivan and Cromwell in New York, "to draft proposals for the shape and organization of what was to become the Central Intelligence Agency in 1947." Dulles promptly formed an advisory group of six men, all but one of whom were Wall Street investment bankers or lawyers.35 In 1948 Truman appointed Dulles chairman of a committee to review the CIA's performance, and Dulles again appointed two New York lawyers to assist him.36

In its first years the CIA, like OSS before it, was dominated internally by the aristocratic elements of the New York overworld. All seven of the known deputy directors of the CIA at that time came from the same New York legal and financial circles, and no less than six of these seven (including both Dulles and Wisner) were listed in the New York Social Register as well.37 And what was true of the CIA was initially just as true of the OPC, where Wisner filled the senior management posts in OPC with men like Desmond Fitzgerald, who, in the words of Wisner's ex-wife, "had money enough of their own to be able to come down [to Washington]."38

We shall see that by 1952 the scandals over the KMT drug trafficking, sponsored and supported by OPC, had become so offensive that CIA Director Walter Bedell Smith abolished OPC altogether and merged its personnel with the CIA's own covert operations staff in a new Department of Plans (later Department of Operations).39 The intention was to bring OPC under more responsible oversight, but the result, to the great detriment of America and the world, was the opposite. Instead of the CIA absorbing and taking over OPC, OPC, especially under Allen Dulles, effectively took over the CIA.

The CIA thereafter represented an uneasy blend of radically different cultures. In addition to the intelligence analysts, who were essentially intellectual researchers, and the initial CIA spies of the Office of Special Operations, who were prepared if necessary to commit lies and other misdemeanors, there were now veterans of OPC, some of whom were willing and even eager to commit major felonies.

The legacy of the OPC felons and their disciples has impacted American deep history far more than has been usually noticed, down through Watergate and Iran-Contra. One purpose of this book is to trace it to America's current involvement in Afghanistan.

The Tasking of Covert Operators to Commit Crimes

Each of the dominant world powers developed a more and more powerful covert apparatus to develop relationships and activities that from the viewpoint of the domestic public state would be clearly illegal. For example, the NSC's directive NSC 10/2 of June 18, 1948, gave the CIA's newly created OPC the task of carrying out "covert operations," among which were listed "subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberation groups."40

At this moment OPC, authorized to engage in crimes, secured allies in its fight against communism by establishing backdoor links to professional criminal organizations, above all in the drug traffic.41 Relationships that had been sporadic before World War II became institutional and protected. OPC not only armed groups engaged in illegal drug trafficking around the world but also (as we shall see) helped restore postwar drug trafficking by supplying a drug-supported KMT army in Burma.42

Great states in other words were no longer just expanding (in Schell's words) "the zone in which the business of politics is conducted along mainly nonviolent lines."43 They were also radically expanding a zone in which states used covert and backdoor violence to conduct the business of politics. However, the drug connection was not limited to OPC. The U.S. Army had already used the Sicilian Mafia to supplement its own forces in administering postwar Italy, and it went on to expand this gray alliance with more than sixty American Mafiosi deported to Sicily and pressed into further support. One of these deportees, Frank Coppola, became a major source of heroin for New York Mafiosi like James Plumeri, whose complex relationship to the CIA will be explored later.44

This U.S. Army–Mafia alliance in Italy was no secret. Norman Lewis, a British intelligence officer attached to the American Fifth Army, wrote accurately in his diary at the time,

> It is becoming generally known that it [the black market] operates under the protection of high-placed Allied Military Government officials.. . . . At the head of AMG is Colonel Charles Poletti, and working with him is Vito Genovese, once head of the American Mafia, now become his adviser. . . . It is clear that many of the Mafia-Camorra sindacos who have been appointed in the surrounding towns are [Genovese's] nominees. These facts, once State secrets, are now known to the Neapolitan man in the street. Yet nothing

is done.45

Poletti, a former lieutenant governor of New York, was applying to Italy the skills he had learned through the corrupt practices of Tammany Hall. One of these skills was *omertà* (the Mafia code of silence): he later told the BBC in 1993, "We had no problems at all with the Mafia. Nobody ever heard of it."46 Yet Poletti, who had recruited Genovese, was once described by Lucky Luciano as "one of our good friends."47 Poletti had good friends in the overworld as well as the underworld: he went on to be both an overseer of Harvard University and a trustee of Cornell.48

Meanwhile, the CIA's first authorized covert operation was using captured Axis funds to back anticommunist parties in the Italian election of 1948, supplementing the initial private fund-raising efforts of wealthy capitalists at the elite Brook Club in New York.49 Over the next twenty years the CIA would dispense at least $65 million to Italian anticommunists, funding not only mainstream political parties but also a far-right underground that plotted a failed neofascist coup—the mafia-assisted Borghese coup—in 1970. Vito Miceli, the Italian general who oversaw the Borghese coup, received an additional $800,000 from the U.S. embassy two years later.50

Some of those involved in the Borghese coup plot were also involved in false-flag terrorist violence in Italy. It took years to disclose that the Piazza Fontana bombing of 1969 and the Bologna Railway Station bombing of 1980 were the work of a select group controlled by Miceli and Italian military intelligence (and with links both to the American CIA and to the conspiratorial Masonic lodge P-2).51 In February 1989 Italian Special Prosecutor Domenico Sica asserted that responsibility for at least some of the terror bombings during the past decade lay also with the Mafia—that is, what I am referring to as the global drug connection—and not just the ideological right.52 Abdullah Çatli's traveling companion Stefano delle Chiaie was eventually accused of involvement in the Piazza Fontana and Bologna bombings as well as the Borghese coup.53

Clearly, the anxieties and paranoia of the so-called Cold War were major factors in promoting the parastatal use of violence. But when we come to look at the actual exercise of backdoor violence by the United States since 1945—especially in countries like Iran (1953) and Chile (1970–1973)—we see that Cold War paranoia about the "communist threat" repeatedly became a pretext to conceal more pecuniary motivations.

Thus, in the British–American coup that overthrew the elected Iranian Prime Minister Muhammed Mossadeq in 1953, the objective was to prevent the nationalization of Anglo-Iranian Oil Company. To this end, "the CIA finalized a detailed plan for the coup," which

involved “engaging hoodlums to launch assaults on clerics and their properties and make it appear that they were ordered by Mussadiq or his followers.”54 But the British agent who sold the scheme to Washington, following “his superiors’ instructions,” refrained altogether from mentioning Anglo-Iranian Oil and instead stressed that Mossadeq “was paving the way for a Communist takeover in Iran.”55

In this context democratic institutions in the last half of the twentieth century came under attack from a number of hidden factors both inside and outside the governments in question. The attacks from internal factors ranged from outright coups (Indonesia and Greece, 1967) to mobilized violence by right-wing gangs (Italy, 1969, 1979) to isolated assassinations. External factors in some of these same events ranged from intelligence organizations of the great powers to movements launched or supported by them, which have since operated on their own. But every one of the deep events referred to in this paragraph can be related to the drug traffic.

State subversion of other states was supplemented by other forms of corruption by transnational institutions, sometimes in tandem with state policies. For example, the BCCI is reported to have established “relationships with political figures in most of the 73 countries in which BCCI operated,” mostly “through payments by or benefits from BCCI to the officials” in question.56 Such a global reach made the dominance machine increasingly transnational, not just American. At the same time, transnational oil companies have been accused of financing a number of coups in remote countries like Azerbaijan in order to acquire or secure their assets.57 In both the BCCI and the Azerbaijan case, drug proxies were again involved.

I have referred to this paradoxical interaction as “deep politics,” the constant, everyday interaction between the constitutionally elected government and subterranean forces of violence—forces of crime—that appear to be the enemies of that government. For example, the CIA for most of its existence operated under a secret exemption from legal review of its actions.58 Although this arrangement was formally terminated after Watergate, a new agreement under Reagan exempted the CIA from the need to report allegations of drug trafficking involving nonemployees.59 One can say that once again the public state had been encroached on and eventually weakened by a deeper force.

Thanks to revelations in 2007 in Colombia of ongoing political collusion between public politicians and drug-financed paramilitary death squads, the preferred term for such collusion now appears to be *parapolitica* (in Spanish) or (in English) *parapolitics*.60

The absence of checks and balances to restrain the CIA’s recourse to lawlessness has led, predictably, to the proliferation of that

lawlessness. The House of Representatives Intelligence Committee reported in 1996 that, in the CIA's clandestine services,

> hundreds of employees on a daily basis are directed to break extremely serious laws of countries around the world in the face of frequently sophisticated efforts by foreign governments to catch them. . . . A safe estimate is that several hundred times every day (easily 100,000 times a year) operations officers engage in highly illegal activities (according to foreign law) that not only risk political embarrassment to the United States but also endanger the freedom if not lives of the participating foreign nations and, more than occasionally, of the clandestine officer himself.61

Thus, the Susurluk incident, with its ingredients of state authority, sanctioned violence, crime, and narcotics, can stand as a memorable synecdoche for parapolitics (or deep politics)—not just in Turkey but throughout the world.

Public States and Imperial Overstretch

Over the past thee centuries the institutional state has developed as a vehicle for certain progressive values, ranging from bureaucratic rationalization (as in France) to Lockean ideals of accountability, tolerance, transparency, and ultimately democracy (as in England). The opening up and empowerment of civil society, through the institutions of the public state, were associated also with the development of the printing press and the consequent rise of public opinion.

This progressive, liberalizing phase of the state did not always last. By a seemingly inevitable dialectic, the state fostered civil prosperity, prosperity in some major states fostered expansion, and expansion in dominant states created increasing income disparity.62 In this process the dominant state itself was changed, as its public services were progressively impoverished, in order to strengthen security arrangements benefiting a few while oppressing many.63

Thus, for many years the foreign affairs of England in Asia came to be conducted in large part by the East India Company, which administered not only British India but also other colonies such as St. Helena. Similarly, the American company Aramco, representing a consortium of the oil majors Esso, Mobil, Socal, and Texaco, conducted its own foreign policy in Arabia, with private connections to the CIA and FBI.64

The East India Company acted unilaterally to fund its operations by profits from the opium trade with China, a policy, bitterly contested by many in England, that has left a legacy still wreaking havoc in Asia today. In conjunction with the CIA, Aramco later funded not only the Saudi monarchy but also its creation the World Muslim League, which in turn fostered Wahhabism, Islamism, and the forces of al-Qaeda

through the world.65 In this way Britain and America inherited policies that, when adopted by the metropolitan states, became inimical to public order and safety.66

The result is that the dominant states in their late stages tend to become, at least temporarily, pathogenic, destructive of the humane values that made them healthy and strong in the first place.67 (Who could have predicted that in the early twenty-first century the United States would publicly suspend habeas corpus and sanction torture?) Nevertheless, it would appear that the humane or progressive values themselves, having been launched, are gradually becoming better established in the world as a whole, even in once-inhospitable systems such as Russia and China.68 It is true also that the emergence of dominant states (notably Spain, the Netherlands, Great Britain, and now apparently the United States) has been followed by their lapse into imperial overstretch and eventual decline, a phenomenon we come back to.69 But there are areas (East and Southeast Asia and possibly Central America) where emergent public states are at this moment more strongly consolidated and protective of their citizens than ever before.

It is quite possible, and I believe probable, that the progressive values which the state helped foster in its early stages will eventually find other vehicles for their consolidation. Meanwhile Spain, the Netherlands, and the United Kingdom have all shown post-imperial recoveries in which (judged by the criterion of their diminished income disparity) their societies are now a little more open and egalitarian than they were before.

In the last half millennium of successive European empires, one positive feature has been the gradual emergence of more and more influential voices of conscience: Bartolomé de las Casas (1484–1566) in Spanish Mexico, Multatuli (Eduard Douwes Dekker, 1820–1887) in Dutch Indonesia, and the antislavery movement associated with William Wilberforce (1759–1833) in England. Such voices led to a slow but perceptible diminution of the role of atrocities and slavery in sustaining these empires. And those who believe that only civil society can rectify the root problems of the state can see these avant-garde figures as ancestors to the successful campaigns in the twentieth century of the southern civil rights movement and Polish Solidarity—campaigns that can hopefully be repeated throughout the world, not least in contemporary America.70

This succession was a symptom of the increasing role of soft power in the influence of each empire, important from the beginning but over time increasingly independent from the power apparatus of the state. As we compare Spanish Jesuits and the Inquisition to British Methodist missionaries and American volunteer workers who have graduated through the Peace Corps, we see an important source of soft

power that through time is increasingly people oriented and grounded in civil society rather than the state.

A related development is that the culture of each empire has through time become increasingly receptive to influence from without. In marked contrast to the spread of Catholicism with the aid of the Inquisition, the American occupation of Japan, Korea, and Thailand after World War II has assuredly done more to increase the influence of Buddhism in America than of Christianity in the Far East. (One could say more about the complex phenomenon of American Christian missionary activity, but this activity is not directly fostered, as in past empires, by the public state.)

As I have argued elsewhere, I find Kevin Phillips's effort to portray religion as a recurring cause of imperial downfall to be labored and unpersuasive, whereas he is on sound ground in examining the roots of decline in increasing income disparity between the rich and the poor.71 Here is a more alarming feature of the succession of empires, the increasingly naked pursuit of economic exploitation as the motive for overstretch.

This is not new. All empires can be seen as the equivalent of giant red stars in astronomy, the final stage of a process of decay in which the once-powerful energy at the center is increasingly dissipated at the periphery. The Dutch Empire can be seen as the subordination of state power to the service of the Dutch East Indies Company and the British Empire to the service of the British India Company, the British West Indies Company, and their by-product, the Bank of England.72

T. S. Eliot raised this question about the British Empire in response to British Prime Minister Neville Chamberlain's capitulation to Hitler at Munich: "Was our society, which had always been so assured of its superiority and rectitude . . . assembled round anything more prominent than a congeries of banks, insurance companies, and industries, and had it any beliefs more essential than a belief in compound interest and the maintenance of dividends?"73 Eliot saw clearly that the values of London by the 1930s were fatally adrift from the cultural tradition of two millennia.

My own view of history is that at the deepest and least recorded levels, there is a slow development toward increasing humanity and communication.74 At times this process is assisted by the public state, and at other times states, precisely because they acquire excessive power over other peoples, become inimical to this process. As an act of faith—it can be no more than that—I continue to believe that the deeper process is the more enduring one despite the offsetting setbacks from the violence of political history. Even the fall of Rome and the ensuing Dark Ages were, from this deeper perspective, positive developments that in the long run privileged a reconstituted Europe and creative separation of political and religious authority

over the more rigidly unitary and hierarchical societies of the East.75

The Public State and Predatory Capitalism

What I have written so far builds on and extends the analysis of my previous books, particularly *The Road to 9/11*. Here I want also to focus more on the threat to the public state from private and corporate wealth, particularly in the United States.

Predatory capitalism, capitalism that "games" the public laws in order to maximize illicit private gain, is at least as old as the robber barons of America's nineteenth-century Gilded Age.76 For a while it seemed that Roosevelt's New Deal, responding to the most severe economic crisis in the nation's history, had initiated a new and more stable era of regulated capitalism, with workers' wages and benefits negotiated through mutually accepted arbitration procedures with strong labor unions and controls placed on the banks.

Then the New Deal was eroded after World War II, particularly after the failure of Justice Department efforts to enforce existing antitrust legislation against the U.S. oil majors. The oil majors' survival of this domestic challenge increased what was already their spectacular influence over U.S. foreign policy. This influence can be discerned in the Truman Doctrine of 1946 (which guaranteed a Mediterranean safe for tankers carrying Saudi oil) and the Marshall Plan of 1948 (which created a market in Western Europe for surplus Middle Eastern oil).

The secret powers assembled for the CIA in response to the perceived Soviet threat soon became exploited for more mercenary purposes to protect U.S. corporations overseas.77 It is no accident that the CIA's first overthrow of a foreign government, in Iran in 1953, was to protect the oil major British Petroleum from nationalization (and to obtain a share for U.S. oil companies in the process). Further, such campaigns, including Guatemala in 1954 (United Fruit), Brazil in 1964 (Hanna Mining), and Chile in 1970 and 1973 (Chase Manhattan, Anaconda, ITT), were all nakedly in support of the private interests of U.S. corporations, much as the British navy in the nineteenth century served the purposes of the British India Company. In the late 1950s the oil majors showed further signs of their importance to the war machine when they lobbied successfully for a U.S. military presence in Southeast Asia (after the first promising indications of new offshore oil fields there).78

Assured of protection, U.S. direct investment in the 1950s and 1960s expanded overseas, where investors became accustomed to much higher rates of return than in the more developed and regulated U.S. domestic economy. A second phase of overseas investment followed with the relocation overseas of U.S. industrial capacity. An

increasingly wealthy overclass came to demand more and more relaxation of domestic restraints to make the U.S. economy yield returns comparable to those obtainable in so-called Third World countries.

In the new millennium, Americans discovered that the economy was now in the hands of predatory capitalists whose offshore earnings often remained untaxable in remote island tax havens but whose offshore losses in the financial sector were, because of their enormity, compensated from the public commons. Americans discovered that we now had banks too big to fail and for that matter too big to punish. As we shall see, flagrant abuses at big American banks like Citibank and Bank of New York were punished, if at all, by fines too small to change the banks' behavior.79 (The Swiss bank UBS, which had a scheme to help Americans evade paying taxes, eventually agreed to pay a $780 million fine to the United States, but only one of its officials went to jail—the whistle-blower!80)

In *The Road to 9/11*, I wrote that the overworld should be distinguished from the notion of a hereditary class, or Frederick Lundberg's notion of a hereditary "superrich."81 But with the sucking of the public commons into the clutches of wealthy predators, that distinction may be fading.

The Overworld and a Transnational Dominance Machine

Coincident with this decline of public power has been the rise of an apparently autonomous right-wing international milieu serving the interests of private international wealth. The global reach of this milieu explains how Stefano delle Chiaie and Abdullah Çatli, both wanted criminals but with intelligence connections, were able to move together with impunity around the world.

In September 1980, two years prior to entering the United States, delle Chiaie had attended a conference in Buenos Aires of the Latin American affiliate of the World Anti-Communist League (WACL), the drug-financed Latin American Anti-Communist Confederation (CAL). The 1980 conference was presided over by Argentine General Guillermo Suárez Mason, responsible for conducting the "dirty war" in that city. Also in attendance were Mario Sandoval Alarcón, the Guatemalan "Godfather" of death squads in Central America; Roberto d'Aubuisson, who would soon preside over a murderous repression in El Salvador (where wealth is said to be controlled by a landowning oligarchy of fourteen families);82 and John Carbaugh, who attended as an aide to North Carolina's right-wing senator, Jesse Helms.83

I shall speak again in this book about the WACL and the role of CIA operatives like Ray Cline and Howard Hunt in helping to organize it.

But I believe that the CIA's relationship to WACL and CAL is much more tenuous and complex than many have alleged.84 I see WACL as a deliberately offshored independent force, sometimes working with the CIA, which helped launch it, and sometimes opposed to the CIA, even violently.

Delle Chiaie had made contact with those present at the CAL conference through his earlier collaboration with the American Michael Townley in a series of assassinations for DINA's Operation Condor. Operation Condor, a continent-wide campaign of political repressions involving assassination, was an outgrowth of American counterterror training in Latin America. As already noted DINA's terror campaign was to a great extent both financed and staffed by drug trafficking.

One of the assassination attacks by delle Chiaie and Townley was the attack on the Leightons in Rome, just noted, which also involved a former CIA Cuban, Virgilio Paz Romero.85 Another was the murder in Buenos Aires of Chilean General Carlos Prats.86 Townley at one point notified his DINA handler in Chile that another DINA assassin, Enrique Arrancibia (who had earlier collaborated in the CIA's murder in 1970 of Chilean General Schneider), traveled from Buenos Aires to California during the fall of 1977 on banking business for Stefano delle Chiaie.87

Townley is most famous for his role in organizing, with Paz Romero but not delle Chiaie, the murder in Washington of former Chilean ambassador Orlando Letelier.88 This assassination is blamed in most American books on Chilean General Pinochet and his DINA chief Manuel Contreras, who was eventually convicted in Chile and sentenced to seven years for the murder.89 But the CIA had been training DINA since 1974, had recruited Contreras as a CIA agent, and had arranged for Contreras to meet twice in Washington with CIA Deputy Director Vernon Walters.90 At his trial Contreras would testify that Walters had called Letelier a threat to the United States and that Townley, in carrying out the murder, had been supported by CIA agents. To this day Townley, an American, is described by the CIA as a DINA agent and by Latin Americans as a CIA agent.91 But Washington's knowledge of and responsibility for Operation Condor has been documented by a number of authors, notably John Dinges, Peter Kornbluh, and Patrice McSherry.92

McSherry in particular supplies concrete details of the U.S. and CIA role in coordinating the parallel structures of Latin America, training them in techniques of torture and assassination, providing equipment and infrastructure for Condor's transnational cooperation, and sanctioning terror by an official nod and a wink.

But there is a multinational corporate dimension to Condor's transnational terrorism not noted by either Prados or McSherry. The

murder of Letelier had also been prepared for by an earlier meeting of a Cuban exile terrorist group, CORU, which supplied Letelier's two Cuban assassins. Financing for CORU came from the World Finance Corporation, a huge Florida-based financial conglomerate and drug money–laundering operation headed by a Cuban exile veteran of the Bay of Pigs. One of the World Finance Corporation's subsidiaries was said by a Dade County investigator to be "nothing but a CIA front."93

These CORU Cubans were by this time alienated by the U.S. government's failure to depose Fidel Castro; allegedly one of them, Orlando Bosch, had even proposed assassinating Henry Kissinger in 1976.94 But CORU held its meeting at the Bonao resort lodge of the Keck family's nickel mining company, Falcondo (Falconbridge Dominicana, C. por A.), and the meeting's chairman, Frank Castro, was said to be an executive of the predatory capitalist conglomerate Gulf and Western.95 Looking at these and other facts, author Saul Landau concluded, "It is unlikely that 30 Cuban exile terrorists met in one place without help from their friends in the Dominican security forces and in the corporate world."96

Here we have a glimpse of a shadowy offshore nongovernmental force, backed by private wealth and drug money, behind the terrorist activities of CORU. But the ability of CORU to reach out and operate within a larger international network may have been due mainly to support coming to it, as later to Argentina's Condor efforts in Central America, from the CIA.97 This force is, in effect, a transnational extension of the U.S. dominance machine.

In the case of Letelier, the U.S. corporate world had an obvious reason to fear his presence in America. Less than a month before his assassination on September 21, 1976, Letelier had published a devastating account of the free-market capitalism being imposed on Chile by the military junta. As Naomi Klein has pointed out, Letelier's article in *The Nation* of August 28, 1976, was a threat to the CIA-subsidized market fundamentalism prescribed by American economists for a number of countries—notably Brazil and Indonesia in addition to Chile—that in the 1960s and 1970s had suffered bloody CIA-assisted military coups.98

Letelier documented in detail the process whereby "during the last three years several billions of dollars were taken from the pockets of wage earners and placed in those of capitalists and landowners":

> The economic plan now being carried out in Chile realizes an historic aspiration of a group of Chilean economists, most of them trained at Chicago University by Milton Friedman and Arnold Harberger. Deeply involved in the preparation of the coup, the Chicago boys, as they are known in Chile, convinced the generals that they were prepared to supplement the brutality, which the military possessed, with the intellectual assets it lacked. The US Senate Select Committee on Intelligence has disclosed that *CIA* collaborators helped plan the economic measures that Chile's junta enacted immediately after seizing power ("A Draconian Cure for Chile's Economic Ills," *BusinessWeek*, January

12). Committee witnesses maintain that some of the Chicago boys received CIA funds for such research efforts as a 300-page economic blueprint that was given to military leaders before the coup. It is therefore understandable that after seizing power they were, as *The Wall Street Journal* (November 2, 1973) put it, champing to be unleashed on the Chilean economy.99

To this day, the ultimate responsibility for the Letelier assassination remains unknown. But it is no exaggeration to say that his murder helped clear the way for the election of Ronald Reagan, which, as I have written elsewhere, was already being seriously prepared for by America's ruling overworld.100

In *The Road to 9/11*, I tried to demonstrate that many examples of sanctioned violence and crime that are usually attributed to the imperial presidency or the CIA in fact were the products of direct overworld intervention in the public state process. Two revealing examples are Nixon's overthrow of democratically elected President Salvador Allende in Chile and Zbigniew Brzezinski's disastrous meddling in Iranian politics that led, predictably, to the seizure of the U.S. embassy in Tehran and the holding of its officers as hostages. It is easy to show that the original instigators of these two violent and arguably criminal interventions, both of which led to wide-scale loss of life, included Nelson and David Rockefeller.101

Kissinger, along with Nelson and David Rockefeller, also worked together with Brzezinski to obtain the entry into the United States of the deposed Shah of Iran. This was *against* the firmly expressed opposition of President Carter, who believed the advice he had received from the State Department that this entry could lead to seizure of the U.S. embassy.102

At least on this occasion, the alleged power monopoly of the public state was clearly trumped by a deeper power, including that of the Rockefeller overworld.

Postscript

This is a book about American policy, the dominance machine, and the global drug connection. But we must keep in mind that other powers, interested in challenging America's global dominance, have played the same game. America's contacts with drug traffickers in Mexico and Latin America mirrored the contacts there of the German secret services during World War II. And when Jimmy Carter in the 1970s retrenched on U.S. aid to drug-related security forces in Central America, Argentina moved swiftly to fill the vacuum, using assets like Stefano delle Chiaie.103

In Asia after World War II, the United States inherited the imperial drug connections there of the British and the French. The Teochew

and other drug-trafficking Chinese triads that grew rich from Burmese opium during the CIA's era of dominance are today reaching out to, and being received by, Beijing.

> On April 8, 1993, just as the people of British-ruled Hong Kong were starting to get used to the idea of a return to the "motherland," Tao Siju, chief of China's Public Security Bureau, gave an informal press conference to a group of television reporters from the territory. After making it clear that the "counter-revolutionaries" who had demonstrated for democracy in Beijing's Tiananmen Square in 1989 would not have their long prison terms reduced, he began talking about the triads: "As for organizations like the triads in Hong Kong, as long as these people are patriotic, as long as they are concerned with Hong Kong's prosperity and stability, we should unite with them." Tao also invited them to come to China to set up businesses there.104

Like Deng Hsiaoping and his family before him, Tao Siju has had personal contacts with drug-trafficking triads, notably the Sun Yee On. This is a sign not necessarily of personal corruption but rather of "a phenomenon referred to as 'gua gou,' which translates as 'interlocking mechanisms.' 'The parties in a gua gou relationship are not formally partners,' explains Qiu Xunu, a [South Chinese] business consultant. 'But they acknowledge that they have common interests and sometimes act accordingly.'"105

In one way or another such *guagou* relationships exist around the world. But the CIA's drug connection is different from all others. It bears the chief responsibility for the growth of the postwar drug traffic —from Burma to Laos and now to Afghanistan. It has played a significant role in converting the American war establishment from a defensive apparatus protecting western civilization in Western Europe into an offensive machine bent on acquiring new dominance over the resources of central Asia. In other words, it has become an integral part of the American war machine's plans to dominate natural resources, not just in Asia, but in the entire world.

II
The CIA and Drugs Abroad

2
Mexico, Drugs, the DFS, and the United States

Drug trafficking in Mexico flourishes because Mexico's elite benefit from it.1

Governments, Narcosystems, and Language

THE INTERACTION BETWEEN A GOVERNMENT OR SOCIETY and a narcosystem is an engagement between a known system and a relatively unknown one, a well-defined entity and a relatively amorphous milieu. In such a situation language is inevitably biased toward narrating the interaction from the perspective of the documented government or society. Thus, in practice we tend to say that, for example, "Mexico has a narcosystem (or narcoeconomy)." But of course the verb *has* here is misleading. There is also a sense in which one could say, "The narcosystem has a government." Here too the verb *has* does not begin to capture the complexity of the interaction.

In the case of Mexico, a single narcosystem *has* (in this misleading sense) two or more governments.2 It has been shown to be capable of influencing the U.S. government—at times notoriously, as when it proved impossible for Washington to act meaningfully against the Bank of Credit and Commerce International (BCCI). But by the 1980s, it can be argued that the narcosystem had come close to controlling the Mexican government. That is the picture I shall present in this chapter.3

The Problem of Drugs in Mexico

It is difficult in America to write authoritatively about Mexican politics. Even in the past decade, when it has finally become permissible to write about Mexico as a "narcodemocracy," few if any authors address the American share of responsibility for the staggering corruption that has afflicted Mexican politics.4

In this chapter, I shall attempt to describe how the United States came to be allied with the drug traffic in Mexico in opposing left-wing political movements—much as it did in the same period in France and Italy. The key was a triarchic system in which the Mexican drug traffic came to be partly managed and protected by the Mexican Federal Security Directorate (DFS), and the DFS in turn was partly managed and protected by its sister organization, the CIA.

I do not wish to suggest that Washington fully controlled this course

of events. The DFS was not simply a CIA asset. However, it could not have operated with impunity for as long as it did without ongoing CIA protection for its illegalities. And the CIA presence in the DFS became so dominant that some of its intelligence, according to the famous Mexican journalist Manuel Buendía, was seen only by American eyes.5

Let me begin with a few facts not widely remembered. The Mexican illegal drug traffic began around 1914 and grew out of three events, only one of which was Mexican. The first was the Mexican Revolution, which "brought disorder and ungovernability to northern Mexico at about the same time that drug trafficking was outlawed in the United States."6 The second was the Chinese Revolution, in which one faction, the Kuomintang (KMT), was financed in part by global trafficking. This was done chiefly by Chinese secret societies, or tongs, in many nations, including Mexico and the United States.7 The third was the passage of the Harrison Anti-Narcotics Act of 1914.

At first most of those involved in the Mexican drug traffic "were Mexican residents of Chinese origin, although they were not the only ones."8 Their opium probably crossed the border in both directions. In 1931 a Mexican official reported "his conclusion that the direction of the trafficking was more from the United States to Mexico than vice versa and that both he and [U.S.] narcotics supervisor Harvey Smith thought that the large-scale traffickers resided north of the border."9

In the same year, 1931, a leader of the coast-to-coast Hip Sing tong in America was arrested in a major drug bust that also netted the wife of Lucky Luciano's partner, Thomas Pennachio.10

Mexico was a traditional source of opium for medicines and American patent medicines and eventually for supplementing shipments of illegal opium from Asia.11 But Mexican production increased with the interruption of Chinese opium exports after 1937. At the same time, the KMT received more U.S. protection and support from President Roosevelt.

During and after World War II, the United States consciously used drug lords and their access to violence, such as Lucky Luciano, as assets; eventually, this was to combat communism, especially communist China. We shall see that in Mexico, the United States used both the Mexican DFS and their drug traffickers as assets for violence against the Latin American left.

CIA protection for the DFS ended in 1985 after the DFS was implicated in the murder of a Drug Enforcement Administration (DEA) agent. But the institutional arrangements of the drugs–DFS–CIA triarchy survived, at least into the administrations of Carlos Salinas de Gortari (1989–1995), and his successor Ernesto Zedillo (1995–2001).

And to this day, these sordid connections are still mostly unmentioned in America.12

The Legacy of the DFS and Extralegal Repression

Although the DFS was closed down in 1985, its legacy has survived. When Carlos Salinas de Gortari became president of Mexico in 1989, the American press was almost unanimous in praising him. But Andrew Reding at the World Policy Institute, one of the few dissenters, pointed to Salinas's ominous appointment of Fernando Gutiérrez Barrios to be secretary of government (Mexico's ministry of the interior):

> Gutiérrez' public career originated in the Federal Security Directorate (DFS), an intelligence agency of the Secretariat of Government, where he rose through the ranks to become director in 1964. He was thus in charge of the DFS at the time of the 1968 massacre of several hundred peaceful student protesters in the Plaza of the Three Cultures (Tlatelolco), an event as deeply seared in the Mexican national consciousness as the Tienanman massacre in the Chinese psyche.13

Reding then described the "variety of specialized police and intelligence agencies [that] emerged under the aegis of the Secretariat of Government":

> The most notorious of these agencies was the Federal Intelligence Directorate [Dirección Federal de Seguridad] (DFS), and its most notorious directors were Fernando Gutiérrez Barrios (1964–1970), Javier García Paniagua (1970–1976), and Miguel Nazar Haro (1976–1981).
>
> The Gutiérrez-García-Nazar triumvirate was . . . the force behind the formation of the White Brigade, a clandestine paramilitary police unit that was responsible for the "disappearance" of thousands of opponents of the regime between 1972 and 1980, of which more than 500 never reappeared.14

All in all, a rather sobering insight into a country where the American FBI, Army Intelligence, and CIA have exerted more influence (and for a long time maintained larger staffs) than anywhere else in the world. The CIA can be shown to have used its influence not to promote democracy and the public state but rather to support and protect a countervailing and largely extralegal hard-edged deep state connection of top-down repression. Both Gutiérrez himself and President Gustavo Díaz Ordaz, who gave orders for police on rooftops to shoot the students in the Tlatelolco, were high-level CIA assets.15

The DFS, the CIA, and Drug Traffickers

From its beginnings in 1947, the DFS, set up with FBI assistance, developed a more and more institutional relationship with drug traffickers, whose own cadres supplied recruits for off-the-books governmental violence.16 By the 1980s possession of a DFS card was recognized by DEA agents as a "license to traffic" in drugs:17

> Using their DFS credentials as shields, agents regularly escorted narcotics shipments

through Mexico and provided other services, frequently even selling seized narcotics to favored organizations. Later intelligence showed that the DFS embarked on an ambitious project to organize protection on a national scale, bringing as much of the nation as possible under a unified system.18

When DEA agent Enrique Camarena was murdered in Mexico in 1985, the subsequent investigation produced abundant testimony that the CIA, as well as the DFS, was protecting the top traffickers who were responsible.19

The DFS was nominally closed down in the wake of Camarena's murder and other drug scandals. The last two DFS chiefs were both indicted and eventually convicted, Miguel Nazar Haro in San Diego for smuggling stolen cars and José Antonio Zorrilla Pérez in Mexico for the 1984 murder of the investigative journalist Manuel Buendía.20 A new agency was created, the General Directorate of Political and Social Investigations, which simply continued to issue protective badges to high-level traffickers.21

Both the FBI and the CIA intervened to protest the 1981 indictment in California of Nazar Haro, claiming that Nazar was "an essential repeat essential contact for CIA station in Mexico City," on matters of "terrorism, intelligence, and counterintelligence."22 When Associate Attorney General Lowell Jensen refused to proceed with Nazar's indictment, the San Diego U.S. attorney, William Kennedy, publicly exposed their intervention and was promptly fired.23

A pilot, Werner Lotz, testified that Contras were being trained on a ranch near Veracruz that was owned by the DFS-protected drug kingpin Rafael Caro Quintero.24 Lotz and other eyewitnesses also spoke of money passed to the Contras from Caro's trafficking partner Miguel Félix Gallardo, responsible for moving four tons of cocaine a month into the United States.25 Their associate in Honduras, Juan Ramón Matta Ballesteros, owned a drug-trafficking airline, SETCO, which was picked by the CIA to be the main supply link to Contra camps on the Honduras–Nicaraguan border.26

In other words the CIA, as well as the Mexican government, was consciously drawing on Mexican drug traffickers and their protectors as off-the-books assets, just as it was also doing in the 1980s in Afghanistan. Thus, a hierarchy of untouchability was established in which the traffickers were protected and assisted by the DFS, and both in turn were protected by elements in the CIA.

Mexican intelligence underwent a second reorganization in the wake of the DFS scandals, out of which emerged the Center for Investigations and National Security (CISEN). Even after the fall of the Partido Revolucionario Institucional (PRI) from power in 2000, CISEN's reputation was only a little less tarnished than that of its predecessor the DFS.27 And the fact of continuing CISEN collaboration with the CIA and FBI was admitted in 2004 in

connection with unpopular security procedures after 9/11.28

With the election of Vicente Fox in 2000, there were hopes that Mexico was beginning to emerge into a less corrupt and violent era. However, the presence of big drug cartels has clearly survived the fall of the PRI, and some observers have predicted that "Mexico Is Becoming the Next Colombia."29

As the *Los Angeles Times* reported in 2006,

> Hundreds of killings in Mexico in the last year are linked to the war between the Gulf cartel . . . and a Sinaloa-based group headed by Joaquin "El Chapo" Guzman and Ismael "El Mayo" Zambada. . . . The country's brutal drug war has increasingly been marked by the use of hand grenades, large-caliber assault weapons and paramilitary-style attacks. Police and prosecutors are not simply killed, they are beheaded and put on public display.30

And in 2006 there were reports that CISEN was fighting a "dirty war" in Chiapas and Guerrero that was reminiscent of the 1960s.31 (Reuters estimated in January 2010 that the Mexican drug trade "has killed some 17,000 people in three years, the vast majority healthy young men."32)

The Mexican Traffic, U.S. Organized Crime, and the CIA

The CIA's involvement with drug traffickers in Southeast Asia was largely disclosed in the 1970s when the United States disengaged from the region and the CIA distanced itself from its drug assets there.33 Meanwhile in Mexico in the same period, drug trafficking, related state violence, and CIA involvement all radically increased. There have been no comparable revelations of the CIA involvement with drug traffickers in Mexico and Latin America.34 But once again we can safely say that those at the very highest level of responsibility have been immune from prosecution.

After World War II, Mexico was a principal way station in the smuggling of international opium and heroin into the United States and Canada.35 The Mexican traffic in the postwar years took place in a milieu that was from its outset dominated by important international players, and these, like the American Meyer Lansky, enjoyed a de facto immunity from past collaborations with intelligence networks.36

Alfred McCoy, one of our best authorities on the drug traffic, suggested a different picture. Describing Lansky's postwar entrance into the Mexican milieu through his Mexico City representative, Alfred McCoy wrote that "Meltzer failed dismally in his bid to make Mexico a major supplier of opiates for American addicts."37 McCoy added that Meltzer's group "lacked Luciano's contacts . . . and Lansky's finances."38

This is not what we learn from Meltzer's Federal Bureau of Narcotics (FBN) biographies and Alan A. Block. The former claimed that Meltzer was an associate of Meyer Lansky and "a major figure in the organized underworld," who outside the continental United States frequented "Canada, Mexico, Cuba, Hong Kong, Japan, Hawaii and the Philippines."39 Block wrote that Meltzer was "reportedly bankrolled" by Lansky and Nig Rosen in a wide-reaching syndicate reaching from Mexico City to Havana, New York, and Los Angeles.40 There are in fact numerous official references at this time to a coast-to-coast drug ring involving both Havana and representatives in Mexico City.41

McCoy's chief evidence that Meltzer failed is Meltzer's arrest (and subsequent conviction) in 1949. But in this period of violent syndicate reorganization, there were many arrests and even murders of key players—notably that of Lansky's former intimate friend, Bugsy Siegel (an important figure in the postwar Mexican traffic who is overlooked by McCoy). Thus, arrests by themselves tell us little. Luciano was arrested and jailed in 1936 but clearly remained a dominant figure in the international narcotics underworld until his death in Naples in 1962.42

The CIA regarded Meltzer, like Luciano earlier, as a potential off-the-books asset. Around 1960, CIA officer William Harvey, assembling a file of potential assets for a CIA assassination capacity (ZR/RIFLE), included Meltzer's dossier. At the time Meltzer was "a longtime collaborator and sometime shooter for [John] Rosselli," the central figure in the CIA's mafia assassination plots against Fidel Castro.43

Like McCoy, Peter Lupsha once belittled the politics of the Mexican drug traffic before 1960. He depicted it as still controlled by regional bandidos, each dominating their local civic plaza, before "the need for upper-world political connections increased."44 But Lupsha is clearly wrong. In 1931 the Mexican Minister of Gobernación [Interior] Carlos Riva Palacio, resigned because of his alleged complicity in an international drug-smuggling operation transiting Mexico.45 In 1936, Al Scharff of Customs "smashed a drug-smuggling ring that stretched from Shanghai through Havana to Mexico City [that] included . . . the Istanbul-based son-in-law of Mexico City's police chief."46 This ring was associated with Elie Eliopoulos, in business with Lucky Luciano and Meyer Lansky, and part of what *Time* once called "one of the greatest international drug rings discovered in years."47

Luís Astorga makes a case diametrically opposed to Lupsha's, arguing that "high-ranking politicians" have been connected to the Mexican drug traffic since its origins over a century ago.48 He claims further that, from the outset, "the majority of influential traffickers who were not members of the political class were political protégés, not the politician's godfathers or controllers."49

In short, we can say that whereas in Asia the CIA helped to create and encourage the local intelligence–drug connections of the 1950s, in Mexico it largely inherited them.

The Origins of the CIA–DFS–Drugs Triarchy

There is general agreement that with the U.S.-assisted creation of the DFS in 1947,

> a structural linkage was instituted between the ruling political class and the drug traffickers. Its work was to be twofold: on the one hand, it ensured that part of the profits was levied in exchange for protection; on the other, it served as a mechanism for containing violence and any political temptations on the part of the traffickers.50

The brains behind the creation of the DFS, President Alemán's friend and adviser Colonel Carlos I. Serrano, was himself connected to the drug traffic. As we learn from Professor Barry Carr, the prime purpose of the DFS was not to contain drug violence but on the contrary to manage it and unleash violence against the procommunist left:

> The most important of the new organizations created by Alemán was the National Security Directorate or Dirección Federal de Seguridad (DFS) which was the brainchild of one of the president's best known and most notorious advisors, Colonel Carlos Serrano. The DFS was modelled on the FBI and "engaged in telephone tapping with equipment provided with the assistance of the FBI." In mid 1947 it employed FBI instructors in the training of nine recruits from the Military Academy attached to the new Security Police. The DFS retained a number of functions previously entrusted to other intelligence wings of the Ministry of the Interior, and one of its major responsibilities was to conduct surveillance of "dissident" activities in the labor movement and on the left, an activity which was well under way by the middle of 1947. It is no coincidence that the attack on the headquarters of the Mexican Railway Workers Union (STFRM) in October 1948, the first successful attempt to crush a powerful union, was carried out by elements of the DFS under the personal command of Carlos Serrano. 51

The U.S. embassy in Mexico City became split over the use of the DFS and drug traffickers as anticommunist assets. The State Department and military attaché denounced the DFS for its drug involvement. But the CIA, when it established a Mexican station in 1949, did not.

The drug trafficking of Carlos Serrano was mentioned in a confidential State Department report of September 4, 1947, from the assistant military attaché. It listed Serrano, DFS Director Marcelino Inurreta, and Deputy Director "Lt. Col. Manuel Magoral" [Major Manuel Mayoral García] as all three involved in drug trafficking:

> The report stated that Magoral controlled marijuana trafficking in Mexico City. It recorded the suspicion that these individuals requested information from the U.S. government and used it to get rid of their competition and control the business. . . . The

American military attaché [Maurice C. Holden] compared the DFS to the Gestapo because of the powers it had been given and the extremely dubious background of those persons recruited to form it.52

Holden's assessment was soon corroborated by events. In 1949 a self-exiled Mexican journalist in Los Angeles, Rafael García Travesi, reported in his newspaper that Colonel Serrano's automobile had been seized in the United States transporting a shipment of opiates.53 The newly formed DFS promptly arranged for the arrest and deportation of García Travesi to Mexico, where he was imprisoned on trumped-up bigamy charges until the end of the Alemán presidency.54

All this happened before the new CIA Mexico City station filed a secret CIA report in 1951 on the six intelligence services in Mexico. Of the six, the CIA report *preferred* the DFS, even though it recognized that some of the DFS personnel abused their power to conduct "illegal activities such as the contraband of narcotics." In a biographical annex, Serrano, who "organized and controlled the DFS," was described as "unscrupulous, involved in illegal activities, including narcotics." Despite these concessions, the CIA report preferred the "competent and capable" personnel of the DFS over competing agencies.55

Drug traffickers are of course notoriously "competent and capable" at tasks that fall within the purview of the CIA as opposed to the State Department. In the years to come the CIA would oversee a range of covert activities in which some were executed by the DFS (wiretapping the Soviet and Cuban embassies) and some by the drug traffickers in Mexico themselves (such as José Egozi, who in 1974 "lined up CIA support for a right-wing plot to overthrow the Portuguese government").56

Between 1949 and 1985 the interdependence of the traffickers, DFS, and CIA saw increasing power for all three, along with increasing political violence and increasing disparities of income (a matter to which we will return).

Did Howard Hunt Come to Mexico Because of Drugs?

The OPC Mexico station chief in 1950–1951 was E. Howard Hunt, who later achieved notoriety for his role in the 1972 Watergate break-in.57 The CIA's favorable assessment of the drug traffickers raises the question of whether Hunt was the author. Hunt was a veteran of the small Office of Strategic Services (OSS) Detachment 202 under Paul Helliwell in Kunming, China, a station that had made payments to its agents in opium. By 1949 if not earlier, Helliwell was engaged in purchasing Gen. Claire Chennault's airline Civil Air Transport for the OPC, and he later became counsel to a bank laundering money for

Meyer Lansky and the American underworld.58 Further research is needed to establish if Hunt was still part of the Helliwell cabal in government that in 1949–1951 (as we shall see) produced proprietaries for the OPC in Southeast Asia.59

Although Hunt had gone to Mexico on a Guggenheim Fellowship after the war, his prior government experience was not with Latin America but with the KMT in Kunming. It is thus perhaps relevant that the KMT was deeply involved in the domestic Mexican opium traffic through the Chinese who were resident there. In 1946 the FBN reported that "in a recent Kuomintang Convention in Mexico City a wide solicitation of funds for the future operation of the opium trade was noted."60

By mid-1947, according to Douglas Valentine, KMT opium was again reaching the United States via Mexico, thanks to the frequent trips to Mexico City of Bugsy Siegel's mistress Virginia Hill. On these trips Hill traveled with Dr. Margaret Chung, honorary member of the Hip Sing tong in San Francisco and physician to the pilots of Chennault's wartime Flying Tigers in China. (Hill ran a nightclub in Nuevo Laredo, directly across the border from Meltzer's base of operations in Laredo, Texas.61)

Lansky, who had prewar KMT connections, appears to have overseen this operation, since Virginia Hill moved to Mexico at Meyer Lansky's request and seduced a number of Mexico's "top politicians, army officers, diplomats, and police officials."62 (According to Harry Anslinger, Siegel and Virginia Hill also negotiated with Mexican politicians to finance poppy culture in the northwestern part of the country.63)

Howard Hunt served in the CIA Mexico City station for two years only, 1950–1951. But Hunt returned to Mexico City in 1954, assigned the task of creating political support for the CIA's Operation PBSUCCESS to overthrow President Arbenz in Guatemala. What Hunt actually did in Mexico City was somewhat different: he created a Latin American branch there for the KMT's projected Anti-Communist League. Its first incarnation, the Asian People's Anti-Communist League (APACL), was started only in 1954 by the KMT in alliance with South Korea and Yoshio Kodama, a Japanese war criminal and suspected drug trafficker released in 1950 to work with the CIA and U.S. General Willoughby.64 But Ting Tsuo-shou, an assistant to the KMT's drug-trafficking General Li Mi in Burma, was trying as early as 1952 to recruit Burmese tribal delegations to the proposed league. A Kachin contingent did eventually join.65

Hunt in 1954 assembled in Mexico City a continental cast of Mexican and other Latin American right-wingers in a political coalition objecting to alleged communist influence in Guatemala.66 This group became a permanent participant in APACL conferences and

after 1966 in a larger World Anti-Communist League (WACL). Hunt's Mexican chapter in particular came under the control of a group of anti-Semitic neofascists, the Tecos, who in the 1970s developed liaisons with right-wing death squads and included DFS agents in their circle.67

Hunt, Cline, Singlaub, Helliwell, Lansky, and Donovan: A Third-Force Metagroup?

The members of Helliwell's small OSS detachment in Kunming (Helliwell, Hunt, Ray Cline, Lucien Conein, and Mitchell WerBell) cast a long shadow over both postwar intelligence–drug triarchies and the WACL's history. In addition to Helliwell's support of the KMT drug traffickers in Burma and Hunt's contribution in Mexico, APACL's formation is said to have owed a large debt to Ray Cline.68 In the late 1970s John Singlaub, another veteran of Kunming, took over the WACL. Lucien Conein became a case officer of the Vietnamese officials overseeing anticommunist drug networks, first Ngo Dinh Nhu and later police chief Nguyen Ngoc Loan.69 Mitchell WerBell, who went on to develop small arms for intelligence services like the DFS, was also involved with WACL death squad patrons like Mario Sandoval Alarcón (see the following discussion) and was eventually indicted himself on drug charges.70

Both in Asia and in Latin America, WACL members have repeatedly been accused of drug trafficking and related activities. The most notorious of these was the so-called Bolivian cocaine coup of 1980, in which a leading drug trafficker, with WACL help, briefly installed his cousin as minister of the interior.71 Senate Counsel Jack Blum described the role in the coup of the United States and Argentina (using local WACL assets):

> During the Carter administration, when human rights became a public priority, we quietly encouraged other countries to act as our proxy. The Subcommittee took remarkable testimony from a former civilian employee of the Argentine military government, Leandro Sanchez-Reisse, who described their anti-communist efforts in detail. He told the Subcommittee that the Argentine military was responsible for the so called cocaine coup in Bolivia. He said the Argentine military intelligence people used the profits from their control of the Bolivian cocaine market to finance an anticommunist "battalion" which operated all over the continent. He told the Subcommittee that he set up a money laundering operation in Fort Lauderdale to provide funds for the covert battalion. He claimed that our government assisted his efforts. 72

A related drug bust in Florida, weeks before the coup, ended with the unexplained release of the trafficker, José Roberto Gasser, without charges.73 (Gasser's father, Edwin Gasser, was a key figure in the coup plot.)

Similarly, WACL members in Latin America, most notoriously Mario Sandoval Alarcón of Guatemala and Roberto d'Aubuisson of El Salvador, were responsible for developing a network of death squads in Central America.74 The former was rewarded with an invitation to Ronald Reagan's first inaugural.

International drug trafficking becomes itself a form of social organization, which the WACL, especially in Latin America, exploited. But the use of off-the-books drug assets against the left around the world dates back to covert U.S. policy in the 1940s. In Marseille in 1947, the American unionist Irving Brown worked with the Guérini brothers of the Corsican Mafia to crush a communist dockers' strike and thereby "created the ideal environment for the growth of Marseille's heroin laboratories."75 The strikebreaking tactics in Marseille closely paralleled those of the DFS in the same year.

By 1951, if not earlier, Corsicans from Marseille, notably Paul Mondolini or Mondoloni, were using Mexico City as a way station for their heroin to reach Montreal and New York.76 Their chief Mexican contact, Jorge Moreno Chauvet (described as "the most important Mexican trafficker" in 1964),77 had in his network an officer of the DFS, Captain Rafael Chavarri.78

Again in the same year (1947), William Donovan is said by an Italian authority to have financed the May Day massacre in Sicily, organized by the former Detroit Mafia figure Frank Coppola, in which eight people were killed and thirty-three wounded.79 Frank Coppola had been recently deported to Italy, along with Lucky Luciano and more than sixty other American Mafiosi, some of them allegedly on a U.S. Army plane.80 Most of them, including both Coppola and Luciano, became involved in high-level narcotics trafficking.81 One of them, the drug trafficker Sylvestro Carolla of New Orleans, moved briefly to Acapulco in 1948 and is said to have helped Luciano establish "criminal enterprises in Mexico."82

Thus, by the 1950s there were triarchic power arrangements—connecting local security forces, the drug traffic, and the CIA—in other countries besides Mexico, notably Cuba, Thailand (under Phao Sriyanon), Vietnam (Ngo Dinh Nhu), Lebanon, Italy, and eventually Turkey and Pakistan.83

The activities of Donovan in Italy and in Thailand; Helliwell in Thailand and the Bahamas; Lansky and Hunt in Southeast Asia, Japan, and Mexico; and Brown in France raise an important question. For years I assumed that these cliques and cabals were just separate projections of CIA or U.S. parapolitical influence abroad. But now I see them as possibly something more: the first postwar metagroup, dominated by Lansky, Helliwell, and Donovan. This group was able to manipulate the resources of the drug traffic for its own ends, which were highly political as well as (at least in Lansky's case) economic. At

times it seems to have had its own integrity and purpose, not reducible to the official goals of the U.S. government.

Donovan and the World Commerce Corporation

Many have described the private and often well-connected intelligence networks that filled the gap between the closing down of the OSS in 1944 and the formation of the CIA in 1947. Alan Block writes of the uncontrollable subculture of intelligence evolving in this period and "the networks spinning from this subculture that were articulated by the extremely wealthy and well connected, and were not an intrinsic formal part of any government agency."84 Joseph Trento transmits the rumor at the time in Washington that Dulles "was now running a private intelligence service out of an office at 44 Wall Street, using some of the biggest names in American business."85

In this same postwar period, the FBI had Donovan under surveillance, suspecting "that he had taken some steps toward formation of an anti-Communist intelligence service [on the model of] a private concern financed by oil and industries before the war."86 In May 1948, a CIA officer confidentially notified Cartha DeLoach of the FBI that "various remnants of OSS personnel who had previously operated in and around Paris, France, were operating in that same locality on a private commercial basis under the leadership of their former director, William Donovan . . . [and] that Donovan had made a trip to Paris for the purpose of surveying and inspecting the activities of the group."87 Mark Riebling notes that Donovan did make such a trip in 1948 and adds that the ex-OSS personnel included Milton Katz, Howard Hunt (both attached to the Marshall Plan group), and William Casey, by then working for Donovan's law firm.88

As Riebling also observes, the FBI's concerns may have been aroused by Donovan's privately financed World Commerce Corporation (WCC), an early transnational commercial intelligence firm formed in 1946 by Donovan's wartime British counterpart, Sir William Stephenson, with a number of old OSS and British Special Operations Executive hands. According to Stephenson's longtime friend and biographer, William Stevenson, the firm was "designed to continue Anglo-American intelligence cooperation."89 Donovan's law firm handled legal business for WCC from the outset, and Donovan became a director in 1947. The firm was backed by an impressive list of capitalists from the British, American, and Canadian overworld, including Nelson Rockefeller, John J. McCloy, Russell Forgan, Lester Armour, Sydney Weinberg (of Goldman Sachs), Richard Mellon, Rex Benson, and Sir Victor Sassoon.90

Donovan's biographer describes the WCC as a "commercial

intelligence service."91 Undoubtedly, it had its own agenda for promoting capitalism in the postwar era, both through investments and through brokering barter arrangements in the shattered postwar economy.92 From the beginning it seems also to have had an intelligence agenda, and by 1950 if not earlier, this included covert operations (as we shall see shortly).

Although Donovan was deeply disappointed by Truman's decision in September 1944 to abolish the OSS, he continued to act as an intelligent agent, and maintained connections to old OSS operatives who now, as the Strategic Services Unit, were nominally under U.S. Army control. In addition, the WCC (along with its sponsors in the U.S. overworld) developed links to the KMT in this period. Thus, in early 1950 a Panama-based company, Commerce International (China), or CI(C), was supplying military arms and training to Chiang Kai-shek on Taiwan in a period when Secretary of State Acheson was not yet permitting official U.S. support.93 Bruce Cumings suspects that CI(C) "may well have been a CIA proprietary company," in which case it is relevant that the CIA station responsible for Panama was Mexico City, where Hunt was stationed.94

Donovan in addition had his own personal links to the KMT. In late 1949 he led a successful legal fight to prevent the China's civil air fleet in Hong Kong from falling into the hands of the new Chinese People's Republic. (Chiang Kai-shek's ally General Claire Chennault wanted the planes on Taiwan "as part of his arsenal for attacking the mainland."95) And in 1950, the WCC became involved in a complex manipulation of world soybean prices from which the KMT also profited.96

In the light of subsequent developments in the global drug traffic, particularly in the 1980s with the BCCI, I suspect we should think of the first postwar metagroup—the overlapping global operations of Hunt, Donovan, Helliwell, and Lansky—as part of a historical succession of metagroups shaping U.S. governmental relations to the international drug traffic, often before U.S. government approval had been secured for these policies.

It is now generally acknowledged that the CIA, like the intelligence agencies of other great powers, has used drug traffickers as assets in virtually every continent of the globe. I once described this exploitation as an example of *parapolitics*, state covert actions and policies conducted "not by rational debate and responsible decision-making but by indirection, collusion, and deceit." Later I situated the role of deliberate governmental direction in the larger arena of *deep politics*, the entire field of political practices and relationships, deliberate or not, that are usually repressed rather than acknowledged.97

Recently I have suspected that the realm of shadows may be even

more complicated. The drug collaborations of Howard Hunt and other Kunming OSS veterans—one of whom, Paul Helliwell, must be counted part of Meyer Lansky's milieu—suggests a third level, still deeper and even less documented, in which systematic conscious direction was coming from outside lawfully constituted government. We can call this nonstate parapolitics: actions and policies that are deliberate but that are determined by groups and agencies beyond the reach of the domestic state.

Evidence for this hypothesis is very sketchy. But one can point to the arrival in Mexico of Mondoloni and Carolla, both associated with Luciano, shortly after an international "roof" or protection for their activities had been established through various agencies, including the DFS.

The Merging of Enforcement, Trafficking, and Covert Ops

The antileft violence of the Mexican DFS continued after 1947. In the 1970s, DFS officials Miguel Nazar Haro and Esteban Guzman recruited and directed the Brigada Blanca, which was "widely accused of torture and of being behind the disappearance of several thousand students and political opponents."98 At the same time both men (according to a star U.S. government witness) "protected drug-smuggling operations and profited from the sale of seized narcotics" while serving in the DFS. Eyebrows were raised when Salinas appointed both men to the Mexico District police in 1989.99

The United States also made use of Mexico's off-the-books drug assets. In the 1980s the CIA, headed at the time by William Casey, helped protect the Mexican drug lord Miguel Félix Gallardo, responsible for moving four tons of cocaine every month into the United States.100 His pilot, Werner Lotz, told the DEA that Félix advanced him more than $150,000 to pass on to the Contras. Meanwhile, Félix's Honduran supplier, Juan Ramón Matta Ballesteros, was officially estimated (according to *Newsweek*) to supply "perhaps one-third of all the cocaine consumed in the United States." But the CIA and later the State Department used Matta's airline SETCO to ferry supplies to the Contras, even after Matta came under investigation for his involvement in the 1985 torture and murder of DEA agent Enrique Camarena in Mexico. Both Félix and Matta were untouchable until after Congress closed down aid to the Contras in 1988.101

As the drug traffic proliferated under this protection, narcocorruption spread to other agencies of law enforcement, including the Mexican Federal Judicial Police, its INTERPOL unit that dealt with international drug trafficking, and the Federal District

Police.102 By the presidency of Carlos Salinas de Gortari in the 1990s, even "the Attorney General's Office (PGR) [was at times] as much as 95 percent . . . under narco-control. Thus, Mexico's justice agency was in reality an arm of drug trafficking, and organized crime's government intermediary."103

The DFS has helped to institutionalize procedures whereby high-level drug busts are typically carried out with assistance from even higher-level traffickers, with a new cartel whose dominance coincides with each new sestennial presidency. In this way Operation Condor, a Mexican antidrug program carried out with the help of a CIA airline, did the Guadalajara Cartel "a great service by winnowing out the competition."104

In Mexico the intelligence–drug connection continues but no longer for the primary purpose of fighting communism. It has metastasized through many layers of society, and it has become a major source of profits for the powerful, not just in Mexico but also (as we shall see) in the United States.

An Economic Overview: Increasing Income Disparity

There are many reasons for Mexico's colonial legacy of hopelessness, especially in the southern countryside. Of these the chief reasons is the gap between rich and poor, endemic for centuries in Latin America, where an overclass of Europeans destroyed native civilizations and enslaved their people:

> Latin America has always been the most unequal of the world's poorer regions. Even in 1978 . . . the share of total income received by the poorest fifth of the population was lower than in any other region: 2.9 percent compared with 5 percent for southern Europe, 6.2 percent for East Asia, 5.3 percent for the Middle East and North Africa, and 6.2 percent for sub-Saharan Africa.105

American influence did not create this age-old problem, but recent decades of American capitalism have aggravated it. In Mexico the share of the poor has been declining. The poorest 50 percent received 20.7 percent of national income in 1984, 18.7 percent in 1989, 18.4 percent in 1992, and 16 percent in 1996.106 The middle class also declined, from about 60 percent of the population in the 1970s to 35 percent in 1995.107

Meanwhile, the country in 1994 with the fourth-largest number of Forbes billionaires (after the United States, Russia, and Germany) "was Mexico, with twenty-four. Their declared fortunes combined would represent nearly ten percent of Mexico's annual gross national product."108 (We shall see how a combination of drug trafficking, U.S. market ideology, and crony capitalism came to play a big role in

the generation of those fortunes.)

United Nations and World Bank studies have confirmed that, outside of Africa, "Mexico has the largest gap between rich and poor of all but six nations in the world."109 There is of course no way to keep this state of affairs confined within Mexico. Inevitably Mexico's dispossessed will continue to seek relief by immigrating illegally to the United States.

Market Fundamentalism, Capital Flight, and Increasing Mexican Poverty

In the 1990s, Mexico, after a brief period of bubble prosperity, was forced to devalue its currency, resulting in income loss, rising unemployment, and an increase in extreme poverty. This poverty both encourages drug production and becomes a factor ensuring that traditional economic policies for diminishing poverty will not work:

> Drug production is linked to poverty because it is driven in large measure by the failing agricultural economy and lack of reasonable alternatives for much of the impoverished rural populace; and second, the growing drug industry brings along with it a number of important "negative externalities" such as violence, corruption, inter- and intra-community conflict, and a culture of operating outside the law and the formal economy which all work strongly against the creation of long-term, sustainable economic growth. . . . Drug production and poverty are mutually reinforcing: poverty and the lack of economic alternatives motivate drug production, and drug production in turn perpetuates poverty and limits the creation of economic alternatives.110

Another factor in Mexican poverty is the economic "liberalization" pushed on Mexico and the rest of the world by the market fundamentalism of the so-called Washington consensus. This package, of trade liberalization, fiscal stability, privatization, and free capital flows, is in truth hardly a consensus; as the *Wall Street Journal* once acknowledged, it derived from the Chicago School, "an admittedly small minority in the economics profession."111

In its empirical phase, the monetarist theory of Milton Friedman at the University of Chicago was a corrective to ideological fiscal Keynesianism, which, when overapplied in inappropriate situations, had led to inflation.112 But it was not long before the neoliberalism of the Chicago School had become an overapplied ideology in turn. This was thanks to the intervention of the U.S. government, anxious to use Friedman's doctrines to pry open foreign markets for U.S. investment.

Today there is an increasing new consensus: that the ideas of market fundamentalism, far from solving the problems of developing countries, aggravated them.113 Amy Chua, who once worked for a U.S. bank on a Mexican privatization project, is part of this new consensus. In her book she blamed the increase of poverty in the

1990s on this American promotion of what she called "laissez-faire capitalism—a form of markets that the West abandoned long ago."114 She criticized the U.S. and International Monetary Fund campaign for freeing markets from government regulation as a campaign that "rarely includes any significant redistributive mechanisms."115 (As Jorge Castañeda has commented, "If democracy does not coincide with growth and with redistribution, in all likelihood it will not last in Latin America."116)

Actually "laissez-faire" is too kind a term. "Crony capitalism" would appear to better describe what we have usually seen: government-assisted globalization that at home favors the cronies—such as Halliburton and Enron—of whatever government is in Washington and also at the receiving end favors the cronies of the recipient government.

Drugs, Capital Flight, and U.S. Banks

This is particularly true of Mexico, where twelve billionaires, the so-called Mexico Twelve, were enriched by Salinas's program (which was actually a product of the so-called Washington consensus) of "'directed' deregulation or selective liberalization."117 According to Elizabeth Carroll of the U.S. State Department, some of the businesses privatized were "snapped up by traffickers in order to launder and invest the profits from their drug operations."118

The lack of controls over capital movements, another feature of the liberalization pushed by the Washington consensus, was a major factor in the impoverishment of the majority. In the case of Mexico, there was massive withdrawal of foreign and domestic capital in December 1994, leading to "an estimated $70 billion loss in the stock-market value of Mexican corporations, an avalanche of bankruptcies, and nearly a million layoffs over the next twelve months." Government figures confirmed that in the next fifteen months, the number of people living in extreme poverty increased by 5 million to 22 million.119 In this context, "the only part of the economy that was booming was . . . the drug trade."120

The most reasonable explanation for this capital flight is that cronies, both inside and outside the country, are protecting their recent acquisitions in Mexico by translating them into secure dollar assets. Not just in Mexico but all over the world one sees this pattern. Too often U.S./IMF-enforced liberalization benefits not the nation but a crony elite, those who, of all the elements in the local economy, are the most likely to recycle their earnings back to the United States as soon as their crony status is threatened. It makes more sense to say

that in such cases the effect of these liberalization reforms is to strengthen U.S. relations with crony elites through the world, rather than with market societies.

It also makes more sense to blame the outflows on U.S. banks which continue to facilitate, indeed to encourage, massive movements of foreign flight capital into their own accounts. Often they do this by setting up private banks for this very purpose, sometimes in offshore tax havens. As the *Christian Science Monitor* reported in 1996, "Recently it was disclosed how Citibank helped Raul Salinas de Gortari (brother of the former Mexican president) hide a fortune in 'safe havens.' CBS's '60 Minutes' said June 23 that the hidden assets could be worth more than $300 million."121 The Salinas–Citibank scandal attracted unusual attention because almost certainly some of the funds involved were from payoffs by Mexican drug lords.122

The movement and concealment of Salinas's funds by Citibank was construed by some experts as conscious (or "willfully blind") drug money laundering.123 An even more flagrant example was the frenzied activity of Lehman Brothers on behalf of the Mexican regional governor Mario Villanueva Madrid, as he fled into hiding after becoming the target of a drug and racketeering investigation. For this a Lehman Brothers employee was indicted, but in the end the firm itself was not.124

Thus, America's responsibility for income disparity abroad goes beyond enforcing the market fundamentalism of the Washington consensus. The case of Mexico is paradigmatic of how major U.S. banks collude with criminals, like Raul Salinas, to spirit illicit profits, including drug profits, out of the country and often into the United States. It is a symptom of their vigorous determination to stay in this business that they lobbied to gut U.S. government proposals to regulate money-laundering scandals of the Salinas variety.

Congressional and Treasury documentations have led more than one journalist to conclude that U.S. banks are "collectively the world's largest financial beneficiaries of the drug trade."125 This estimated inflow of $250 billion a year to the United States (which does not include real estate transfers) was of course a welcome offset to the U.S. trade deficit, then in the order of $300 billion a year.

But the capital flight of oligarchic drug profits is only one of the ways in which drug trafficking weakened the incipient Mexican market society and contributed to misery. According to the French economist Guilhem Fabre,

> Starting in the 1990's, Mexican drug dealers took charge of one half of the Colombian drug trade to the United States, and thereby repatriated some 3 to 8 billions dollars per year, which exceeded the value of Mexico's oil exports. . . . The hasty privatization initiated by Carlos Salinas also provided opportunities for recycling narco-profits, especially in the banking sector where the State sold a series of firms for $12 billion.

After the crisis, these banks were saddled with debts in excess of $60 billion, which were subsequently assumed by the State.126

American banks are not the only beneficiaries of this recycling. For half a century, laundered profits from drug trafficking have been recycled into American and Canadian real estate, notably in Florida and Nevada.127 The U.S. government has also benefited. Before the United States offered an emergency bailout loan to Mexico in 1982 to forestall a default on payments to overextended U.S. banks, the CIA first verified that drug trafficking supplied a significant amount of the Mexican foreign exchange earnings that would be needed toward repayment.128

The Mexican Oligarchs, the Drug Traffic, and the United States

In country after country, crony capitalism—and in particular the absence of currency controls—creates superrich tycoons who then proceed to plunder their country. In the case of Mexico, a new class of oligarchs, much like those in Yeltsin's Russia, emerged from the privatizations conducted under the presidency of Carlos Salinas.

According to an article in the Mexican journal *Reforma*, reprinted online by PBS, government reports revealed that Raúl Salinas had ties with drug lords in Mexico as early as 1987. One of these documents indicates Salinas had guaranteed protection to the group led by Juan García Abrego at that time. In return, according to the document, Salinas received "a lot of presents" from the heads of the Gulf Cartel.129

One of the banks in the Salinas–Zedillo circle, Banamex, appears to have enjoyed American protection. In May 1998 two Banamex senior officials were indicted in the United States as a result of Operation Casablanca, which U.S. Treasury Secretary Robert Rubin called "the largest, most comprehensive drug-money laundering case in the history of United States law enforcement."130 (In a mock Nevada casino that had in fact been specially created for a U.S. Customs sting, they and ten other senior Mexican bankers had "avidly discussed how to handle the latest half-billion dollars in drug proceeds already on hand."131) The Federal Reserve Board also seized $3.8 million from Banamex as a corporation. But then Rubin left the Treasury to become the number two executive at Citicorp, after which Citicorp purchased Banamex and the Casablanca prosecutions collapsed.132

In these circumstances, it is hardly surprising that Mexican drug cartels continue to threaten public security and the drug trade to be a substantial part of the U.S.–Mexican economy.133 While a few cartel leaders have been killed or are now imprisoned, the numbers of drug-related murders, including beheadings of police officers, continue to

rise, from 1,080 in 2001 to 6,200 in 2008 and more than 6,500 in 2009.134

3
Operation Paper

The United States and Drugs in Thailand and Burma

> It is not too much to conclude that, for such larger reasons of policy, U.S. authorities actually suborned at times an increase of illicit heroin traffic. An understanding of this phenomenon must inform future scholarly work on drug trafficking in Asia.1
>
> If opium could be useful in achieving victory, the pattern was clear. We would use opium.2

Thailand and Drugs: A Personal Preface

IT IS NOW CLEARLY ESTABLISHED THAT IN NOVEMBER 1950, President Truman, faced with large numbers of Chinese communist troops pouring into Korea, approved an operation, code-named Operation Paper, to prepare remnant Kuomintang (KMT) forces in Burma for a countervailing invasion of Yunnan. It is clear also that these troops, the so-called 93rd Division under KMT General Li Mi, were already involved in drug trafficking. It is clear finally that, as we shall see, Truman belatedly approved a supply operation to drug traffickers that had already been in existence for some time.

The purpose of this chapter is to explore the process that led up to Truman's validation of a program to use drug proxies in Burma. It will be an exercise in deep history, raising questions that the archival records presently available cannot definitively answer. Some of most relevant records, chiefly those of the Office of Policy Coordination (OPC) that initiated Operation Paper, are still closed to public view. Others, such as those of the World Commerce Corporation (WCC) or of the Willis Bird import-export firm in Bangkok, would probably tell us little even if we had them. And some of the most important events, such as the path by which Thai Opium Monopoly opium soon reached the streets of Boston, were probably never documented at all.

The topic of this chapter is a major one in the postwar history of China, Southeast Asia, and the global drug traffic. With needed U.S. support, above all in the form of airlift and arms, Li Mi's irregulars were soon marketing, in the words of their U.S. overseer Richard Stilwell (chief of OPC Far East), "almost a third of the world's opium supply."3 Burton Hersh, who transmits Stilwell's comment, adds his own remark that Li Mi's troops "developed over time into an important *commercial* asset for the CIA." Based on what is currently known, I would express the relationship differently: Li Mi's drug-trafficking troops continued to be of major importance to the CIA—but as self-supporting, off-the-books allies in the struggle to secure

Southeast Asia against communist advances, not as a source of income for the CIA itself.

I cannot present the material in the following two chapters without a personal clarification. I lived in Thailand for over eighteen months and have learned to love it. Thus, it is not easy for me to describe it objectively. I am reminded of my predicament when writing about the slaughter of Californian natives in the nineteenth century, events painful in themselves to remember but also integral to the creation of the environment I now live in.

Before coming to Thailand, I had already written about the role of the United States in contributing to dictatorial repression there as well as to the flow of drugs through Thailand from Burma. Yet the lifestyle of the country I encountered, despite the problems arising from the profound gap between its urban and rural cultures, inspired me to love it and learn from it, as I have already described in *The Road to 9/11*.

What I am about to describe may read like a catalog of harmful American contributions to Thai history. But in two respects this catalog can be misunderstood. The first is that a list of covert intrigues involving the CIA and drugs is far from representative of the total U.S. influence in the country. There has also been a wide panel of soft power influences as well: in education, medicine, technical assistance, and not least in people-to-people exchanges in both our countries.

There is also another, more difficult consideration. American interventions in Thailand, ugly as they may have been in some of their details, have probably contributed overall to Thailand's significant development in the last half century, in stunning contrast to the conflicts and massacres that have afflicted all four of its neighbors. In a poem I describe my shock on seeing a photograph at the KMT opium base Mae Salong of the opium-trafficking warlord

> Gen. Tuan with two smiling
> *bhikkus* in saffron robes I wonder
>
> *Could I have been wrong?*
> *why shouldn't they be smiling?*
> the monks here survived
>
> while in Cambodia not far away
> they were killed by the thousands. . . .4

There is no single reason for Thailand's relative prosperity, though a major consideration is the fact that Thailand does not have to deal with

> the bitter colonial legacies
> of Britain and France
> still leaving their imprint
> of poverty and hatred.5

Future historians will debate to what extent, if any, the CIA can take some of the credit. We shall see that some of the CIA-encouraged repression in Thailand was the consequence of paranoia arising from CIA-assisted false-flag propaganda. But at the same time some of the fear of a communist takeover was undoubtedly real. Thus, the nonviolence in which I believe did not prevail in the decades I shall now describe and probably could not have prevailed.

The discussion of Thailand that follows is divided into two chapters. This chapter, covering the Truman administration, describes support for the Thai Border Patrol Police (BPP) that contributed to the *defense* of Thailand and more generally of Southeast Asia. Chapter 4, beginning with the Eisenhower era, discusses the creation of a BPP unit, the Police Aerial Reinforcement Unit (PARU), that was explicitly designed as an offensive cross-border unit designed to fight in Laos and possibly elsewhere. Arguably, CIA support for the BPP helped stabilize Southeast Asia. Undoubtedly, CIA support for PARU led by degrees to the war machine's inducement of war in Laos and ultimately all Indochina. Both BPP and PARU were financed by drugs.

A final note: Bill Lair, a key figure in the ensuing narrative, will appear as central to the development of the CIA-backed offensive force PARU, which was at least partly financed by drugs. This is a very one-sided glimpse of him. Lair, who married into an influential Anglo-Thai family, was also a masterful adapter of American policies to the exigencies of Thai, Laotian, and Hmong culture. His oral interview reveals him to have been a modest and caring man, with canny insights into the strengths and limitations of what America was trying to achieve in Asia.6

Overview

In the 1950s, after World War II, the chances seemed greater than ever before for a more peaceful, orderly, legal, and open world. Even the world's two great superpowers, the United States and the Soviet Union, had agreed on rules and procedures for mediating their serious differences through a neutral body, the United Nations. The United States was then wealthy enough to finance postwar reconstruction in devastated Europe and later fund international programs in fields such as health and agriculture in the newly liberated former colonies of the Third World.

But the United Nations was not destined to remain the theater for the resolution of international conflict. One major reason for this was that the Soviet Union, the United States, and then, after 1949, China all pursued covert policies, low key at first, that brought them increasingly into conflict and proxy war.

The Marxist-Leninist nations of the Soviet Union and China lent support to other Marxist-Leninist parties and movements, some of them insurrectionary, in other parts of the world. Washington's often inaccurate perception saw these parties and movements as proxies for Soviet and/or Chinese power. Thus, much of the Cold War came to be fought covertly in areas, like Southeast Asia, about which both the United States and the Soviet Union were stunningly ignorant.

From the very beginning of the postwar era, Washington looked for proxies of its own to combat the threat it perceived of world revolution. Some of these proxies are now virtually forgotten, such as the Ukrainian guerrillas, originally organized by Hitler's SS, who fought an OPC-backed losing battle against Russia into the early 1950s. Some, like the mafias in Italy and Marseille, soon outgrew their U.S. support to become de facto regional players in their own right.

But one of America's early proxy armies, the remnants of Nationalist Chinese KMT forces in Burma and later Thailand, would continue to receive U.S. support into the 1960s. Like the mafias in Europe and the *yakuza* in Japan, these drug proxies had the advantage for secrecy of being off-the-books assets, largely self-supporting through their drug dealing, and firmly anticommunist.

The OPC and CIA's initial support of this program, by reestablishing a major drug traffic out of Southeast Asia, helped institutionalize what became a CIA habit of turning to drug-supported off-the-books assets for fighting wars wherever there appeared to be a threat to America's access to oil and other resources—in Indochina from the 1950s through the 1970s, in Afghanistan and Central America in the 1980s, in Colombia in the 1990s, and again in Afghanistan in 2001.7

The use of drug proxies, at odds with Washington's official antidrug policies, had to remain secret. This meant that in practice major programs with long-term consequences were initiated and administered by small cliques with U.S. intelligence ties that were almost invisible in Washington and still less visible to the American people. These cliques of like-minded individuals, at ease in working with traffickers and other criminals, were in turn part of a cabal supported by elite groups at high levels.

The U.S. use of the drug traffic from the KMT troops in Burma had momentous consequences for the whole of Southeast Asia. For the OPC infrastructure for the KMT troops (Sea Supply Inc., see below) was expanded and modified, with support from William Donovan and Allen Dulles, to develop and support an indigenous guerrilla force in Thailand, PARU. PARU, far less publicized than the KMT troops, did as much or more to influence U.S. history. For PARU's success in helping to guarantee the independence of Thailand encouraged the United States in the 1960s to use PARU in Laos and Vietnam as well. Thus, PARU's early successes led the United States, incrementally, into

first covert and eventually overt warfare in Laos and Vietnam. We shall see that, according to its American organizer James William ["Bill"] Lair, PARU, like the KMT forces, was in its early stage at least partly financed by drugs.

In short, some Americans had a predictable and almost continuous habit of turning to the drug traffic for off-the-books assets. This recourse began as a curious exception to the larger U.S. policy of seeking political resolution of international conflicts through the United Nations. It also pitted the regular U.S. diplomats of the State Department against the Cold Warriors of the secret agency, OPC, that had these drug assets at its disposal.

This was not the only time that a small U.S. bureaucratic cabal, facing internal opposition but enjoying high-level backing, could launch an operation that became far larger than originally authorized. The pattern was repeated, with remarkable similarities, in Afghanistan in 1979. Once again, as in Thailand, the original stated goal was the defense of the local nation and the containment of the communist troops threatening to subdue it. Once again this goal was achieved. But once again the success of the initial defensive campaign created a momentum for expansion into a campaign of offensive rollback that led to our present unpromising confrontation with more and more elements of Islam.8

The cumulative history of these U.S. interventions, both defensive (successful) and offensive (catastrophic), has built and still builds on itself. Successes are seen as opportunities to move forward: it is hard for mediocre minds not to draw bad lessons from them. Failures (as in Vietnam) are remembered even more vividly as reasons to prove that one is not a loser.

It is thus important to analyze this recurring pattern of success leading to costly failure, to free ourselves from it. For it is clear that the price of imperial overstretch has been increasing over time.

With this end in mind, I shall now explore key moments in the off-the-books story of Southeast Asian drug proxies and the cliques that have managed them, a trail that leads from Thailand after World War II to the U.S. occupations of Iraq and Afghanistan today.

The Origins of the CIA Drug Connection in Thailand

To understand the CIA's involvement in the Southeast Asian drug traffic after World War II, one must go back to nineteenth-century opium policies of the British Empire. Siamese government efforts to prohibit the smoking of opium ended in 1852, when King Mongkut (Rama IV), bowing to British pressures, established a Royal Opium Franchise, which was then farmed out to Siamese Chinese.9 Three

years later, under the terms of the unequal Bowring Treaty, Siam accepted British opium free of duty, with the proviso that it was to be sold only to the Royal Franchise. (A year later, in 1856, a similar agreement was negotiated with the United States.) The opium farm became a source of wealth and power to the royal government and also to the Chinese secret societies or triads that operated it. Opium dependency also had the effect of easing Siam into the ways of Western capitalism by bringing "peasants into the cash economy as modern consumers."10

Until it was finally abolished in 1959, proceeds from the Opium Franchise (as in other parts of Southeast Asia) provided up to 20 percent of Siamese government revenue.11 This is one reason why the opium franchise ceased to be farmed out to Chinese businessmen in 1907 and became (as again in other parts of Southeast Asia) a government monopoly. Another was the desire to reduce the influence of Chinese secret societies and encourage Chinese assimilation into Siam. As a result, the power of the secret societies did generally decline in the twentieth century, except for a revival under the Japanese occupation during World War II. By this time the KMT, operating under cover, was the most powerful force in the Bangkok Chinese community, with overlapping links to Tai Li's KMT intelligence network and also the drug traffic.12

Although the official source of opium for the Siamese franchise was India, the relatively high cost of Indian opium encouraged more and more smuggling of opium from the Shan states of eastern Burma. With the gradual outlawing of the opium traffic in the early twentieth century, the British banned the use of Shan opium inside Burma but continued to tax the Shan states as before. In this way the British tacitly encouraged the export of Shan opium to the Thai market.13

When Thailand declared war against Britain in January 1942, Shan opium became the only source for the lucrative monopoly. This helps explain the 1942 invasion of the opium-producing Shan states by the Thai Northern (Prayap) army, in parallel to the Japanese expulsion of the British from Burma.14 In January 1943, as it became clearer that Japan would not win the war, the Thai premier Phibun Songkhram used the Northern Army in Kengtung, with its control of Shan opium, to open relations with the Chinese armies they had been fighting, which had by now retreated across the Yunnan–Burma frontier.15 One of these was the 93rd Division, at Meng Hai in the Thai Lü district of Sipsongphanna (Xishuangbanna) in Yunnan.16 The two sides, both engaged in the same lucrative opium traffic, quickly agreed to cease hostilities. (According to an Office of Strategic Services [OSS] observer, the warlord generals of Yunnan, Lung Yun, and his cousin Lu Han, commander of the 93rd Division, were busy smuggling opium from Yunnan across the border into Burma and Thailand.17)

An OSS team of Seri Thai (Free Thais), led by Lieutenant Colonel Khap Kunchon (Kharb Kunjara) and ostensibly under the direction of OSS Kunming, made contact with both sides in March–April 1944.18 When Khap arrived at the 93rd Division Headquarters, "he discovered that an informal ceasefire had been observed along the border between southern Yunnan and the Shan States [in Burma] since early 1943 with the arrangement being cemented from time to time by gifts of Thai whisky, cigarettes and guns presented to officers of the 93rd Division by their Thai counterparts."19

Khap, with the permission of his OSS superior Nicol Smith, sent a message from Menghai to a former student of his now with the Thai Northern Army in Kengtung.20 "The letter stressed the need for Thai forces to switch sides at the appropriate moment and asked for the names of Thai officers in the area who would be willing to cooperate with the Allies."21 Khap's letter, with its apparent OSS endorsement, reached Phibun in Bangkok and led to an uninterrupted postwar collaboration between the Northern Army and the 93rd Division.22

Khap, however, was a controversial figure inside OSS, mistrusted above all for his dealings with Tai Li. We learn from Reynolds's well-documented history that Tai Li and Khap, in conjunction with the original OSS China chief Milton Miles, had been concertedly pushing a plan to turn the Thai Northern Army against the Japanese.23 But John Coughlin, Miles's successor as OSS chief in China, consulted some months later with Donovan in Washington and expressed doubts about the scheme. A follow-up memo to Donovan questioned Khap's motives:

> I . . . doubt that he can be trusted. . . . I feel that he will make deals with Tai Li of which I will not be informed. . . . I am at a loss to figure out Tai Li's extreme interest in him, unless there is some agreement between them that I know nothing about.24

Like his sources, Reynolds's archival history is tactfully silent on the topic of opium. But Tai Li's opium connection to the KMT in Thailand and Burma was well known to OSS and may well have been on Coughlin's mind.25

The Northern Army–93rd Division–KMT connection had enormous consequences. For the next three decades, Shan opium would be the source of revenue and power for the KMT in Burma and both the KMT and the Northern Army in Bangkok. All of Thailand's military leaders between 1947 and 1975—Phin Chunhawan, his son-in-law Phao Sriyanon, Sarit Thanarat, Thanom Kittikachorn, Prapat Charusathien, and Kriangsak Chomanand—were officers from the Northern Army. Successively their regimes dominated and profited from the opium supplied by the KMT 93rd Division that after the war reestablished itself in Burma.26 This was true from the military coup in Bangkok of November 1947 until Kriangsak's resignation in 1980.27 A series of

coups d'état—in 1947, 1951, 1957, and 1975—can be analyzed in part as conflicts over control of the drug trade.28

As in Indonesia and other Asian countries, the generals' business affairs were handled by local Chinese. The Chinese banking partner of Phin Chunhawan and Phao Sriyanon was Chin Sophonpanich, a member of the Free Thai movement who in the postwar years enabled Phao to die as "one of the richest men in the world."29 When in 1957 Sarit displaced Phao and took over both the government and the drug trade, both Phao and Chin had to flee the country.30

The United States Helps Rebuild the Postwar Drug Connection

To appreciate the significance of the connection we are discussing, we must keep in mind that, by 1956, the KMT had been driven from the Chinese mainland and that Chinese production of opium, even in remote mountainous Yunnan, had been virtually eliminated. The disruptions of a world war and revolution had created an opportunity to terminate the opium problem in the Far East. Instead, U.S. covert support for the Thai and KMT drug traffickers converted Southeast Asia, for more than two decades, into the world's major source of opium and heroin.

The origins of the U.S. interface with these drug traffickers in Thailand and Burma are obscure. They appear, however, to have involved principally four men: William Donovan; his British ally Sir William Stephenson, the organizer with Donovan of the World Commerce Corporation (WCC); Paul Helliwell; and Willis Bird (both veterans of OSS China). After World War II, Sir William Stephenson's WCC "became very active in Bangkok," and Stephenson himself established a strong personal relationship with King Rama IX.31

Stephenson recruited James Thompson, the last OSS commander in Bangkok, to stay on in Bangkok as the local WCC representative. This led to the WCC's financing of Thompson's Thai Silk Company, a successful commercial enterprise that also covered Thompson's repeated trips to the northeastern Thai border with Laos, the so-called Isan, where communist insurrection was most feared and where future CIA operations would be concentrated.32 One would like to know whether WCC similarly launched the import-export business of Willis Bird, of whom much more shortly.

In the same postwar period, Paul Helliwell, who earlier had been OSS chief of Special Intelligence in Kunming, Yunnan, served as Far East Division chief of the Strategic Service Unit, the successor organization to OSS.33 In this capacity he allegedly "became the man who controlled the pipe-line of covert funds for secret operations throughout East Asia after the war."34 Eventually, Helliwell would be

responsible for the incorporation in America of the CIA proprietaries, Sea Supply Inc. and Civil Air Transport (CAT) Inc. (later Air America), which would provide support to both Phao Sriyanon of the Northern Army in Thailand and the KMT drug camps in Burma. It is unclear what he did before the creation of OPC in 1948.

Speculation abounds as to the original source of funds available to Helliwell in this earlier period, ranging from the following:

1. The deep pockets of the overworld figures in the WCC. Citing Daniel Harkins, a former USG investigator, John Loftus and Mark Aarons claimed that Nazi money, laundered and manipulated by Allen Dulles and Sir William Stephenson through the WCC, reached Thailand after the war. When Harkins informed Congress, he "was suddenly fired and sent back [from Thailand] to the United States on the next ship."35
2. The looted gold and other resources collected by Admiral Yamashita and others in Japan36 or of the SS in Germany.
3. The drug trade itself. Further research is needed to establish when the financial world of Paul Helliwell began to overlap with that of Meyer Lansky and the underworld. The banks discussed in chapter 7, which are outward signs of this connection (Miami National Bank and Bank of Perrine), were not established until a decade or more later. Still to be established is whether the Eastern Development Company represented by Helliwell was the firm of this name that in the 1940s cooperated with Lansky and others in the supply of arms to the nascent state of Israel.37

Of these the best available evidence points tentatively to Nazi gold. We shall see that Helliwell acquired a banking partner in Florida, E. P. Barry, who had been the postwar head of OSS Counterintelligence (X-2) in Vienna, which oversaw the recovery of SS gold in Operation Safehaven.38 And it is not questioned that in December 1947 the National Security Council (NSC) created a Special Procedures Group "that, among other things, laundered over $10 million in captured Axis funds to influence the [Italian] election [of 1948]."39 Note that this authorization was *before* NSC 10/2 of June 18, 1948, first funded covert operations under what soon became OPC.

What matters is that, for some time before the first known official U.S. authorizations in 1949–1950, funds were reaching Helliwell's former OSS China ally Willis Bird in Bangkok. There Bird ran a trading company supplying arms and materiel to Phin Chunhawan and Phin's son-in-law, Phao Sriyanon, who in 1950 became director-general of the Thai Police Department. By 1951 OPC funds for Bird were being handled by a CIA proprietary firm, Sea Supply Inc., which had been incorporated by Paul Helliwell in his civilian capacity as a lawyer in

Miami. As noted earlier, Helliwell also became general counsel for the Miami bank that Meyer Lansky allegedly used to launder proceeds from the Asian drug traffic.

Some sources claim that in the 1940s, Donovan, whose link to the WCC was by 1946 his only known intelligence connection, also visited Bangkok.40 Stephenson's biographer, William Stevenson, writes that because MacArthur had cut Donovan out of the Pacific during World War II, Donovan "therefore turned Siam [i.e., Thailand] into a base from which to run [postwar] secret operations against the new Soviet threat in Asia."41

William Walker agrees that by 1947–1948,

> the United States increasingly defined for Thailand a place in Western strategic policy in the early cold war. Among those who kept close watch over events were William J. Donovan, wartime head of the OSS, and Willis H. Bird, who worked with the OSS in China. . . . After the war, Bird, . . . still a reserve colonel in military intelligence, ran an import-export house in Bangkok. Following the November [1947 Thailand coup] Bird . . . implored Donovan: "Should there be any agency that is trying to take the place of O.S.S., . . . please have them get in touch with us as soon as possible. By the time Phibun returned as Prime Minister, Donovan was telling the Pentagon and the State Department that Bird was a reliable source whose information about growing Soviet activities in Thailand were credible.42

Bird's wishes were soon answered by NSC 10/2 of June 18, 1948, which created the OPC. Washington swiftly agreed

> that Thailand would play an important role as a frontline ally in the Cold War. In 1948, U.S. intelligence units began arming and training a separate army under General Phao, which became known as the Thai Border Police (BPP). The relationship was cemented in 1949 as the communists captured power in China. The generals demonstrated their anticommunist credentials by echoing U.S. propaganda and killing alleged leftists. At midyear a CIA [OPC] team arrived in Bangkok to train the BPP for covert support of the Kuomintang in its continuing war against the Chinese communists on the Burma-China border. Later in the year the United States began to arm and train the Thai army and to provide the kingdom general economic aid.43

Walker notes how the collapse of the KMT forces in China led Washington to subordinate its antinarcotics policies to the containment of communism:

> By the fall of 1949 . . . reports reached the State Department about the inroads communism was making within the Chinese community in Thailand as well as the involvement of the Thai army with opium. Since the army virtually controlled the nature of Thailand's security relationship with the West, foreign promotion of opium control had to take a back seat to other policy priorities.44

On March 9, 1950, when Truman was asked to approve $10 million in military aid for Thailand, Acheson's supporting memo noted that $5 million had already been approved by Truman for the Thai "constabulary."45 This presumably came from the OPC's secret budget: I can find no other reference to the $5 million in State Department published records, and two years later a U.S. aid official

in Washington, Edwin Martin, wrote in a secret memo that the Thai Police force under General Phao "is receiving no American *military* aid."46

Cliques, the Mob, the KMT, and Operation Paper

The U.S. decision to back the KMT troops—the so-called Li Mi project or Operation Paper—was made at a time of intense interbureaucratic conflict and even conspiratorial disagreement over official U.S. policy toward the new Chinese People's Republic. As the historian Bruce Cumings has shown, both the KMT-financed China Lobby and many Republicans, like Donovan, as well as General MacArthur in Japan, were furious at the failure of Secretary of State Dean Acheson to continue support for Chiang Kai-shek after the founding of the People's Republic in October 1949.47 Up until the June 1950 outbreak of war in Korea, Acheson refused to guarantee even the security of Taiwan.48

The key public lobbyist for backing the KMT in Burma and Yunnan was General Claire Chennault, original owner of the airline the OPC took over. Chennault deserves to be remembered as an early postwar proponent of using off-the-books assets: his "Chennault Plan" envisaged essentially self-financing KMT armies, backed by a covert U.S. logistical airline, in support of U.S. foreign policy.49 Because by this time Chennault was serving in Washington as Chiang Kai-shek's military representative, he was viewed by U.S. officials with increasing suspicion if not distaste.50 Yet his longtime associate, friend, and business ally Thomas ("Tommy the Cork") Corcoran, who after 1950 was a registered foreign agent for Taiwan, managed to put Chennault in contact with senior OPC officers, including Richard Stilwell, chief of the Far East Division of the OPC.51

There were other private interests with a stake in Operation Paper. In 1972 I noted that the two principal figures inside the United States who backed Chennault, Paul Helliwell and Thomas Corcoran, were both attorneys for the OSS-related insurance companies of C. V. Starr in the Far East.52 (Starr, who had operated out of Shanghai before the war, helped OSS China establish a network both there and globally.53) The C. V. Starr companies (later the massive AIG group) allegedly had "close financial ties" with Chinese Nationalists in Taiwan,54 and in any case they would of course have had a financial interest both in restoring the KMT to power in China and in consolidating a Western presence in Southeast Asia.55 At the time of Corcoran's lobbying, Starr's American International Assurance Company was expanding from its Hong Kong base to Malaysia, Singapore, and Thailand. In 2006, that company was "the No. 1 life

insurer in Southeast Asia."56 And its parent AIG, before AIG's spectacular collapse in 2008, was listed by Forbes as the eighteenth-largest public company in the world.

Corcoran was also the attorney in Washington for Chiang Kai-shek's brother-in-law T. V. Soong, the backer of the China Lobby who some believed to be the "wealthiest man in the world."57 It is likely that Soong and the KMT helped develop the Chennault Plan. A complementary plan for supporting the remnants of General Li Mi's KMT armies in Burma was developed in 1949 by the army's civilian adviser, Ting Tsuo-shou, after discussions on Taiwan with Chiang Kai-shek.58

Like Chiang Kai-shek, Chennault also had support from Henry Luce of Time-Life in America and both General MacArthur and his intelligence chief, Major General Charles Willoughby, in Japan. Their plans for maintaining and reestablishing the KMT in China were in 1949 already beginning to diverge significantly from those of Truman and his State Department.59 Former OSS Chief William Donovan, now outside the government and promoting the KMT, also promoted both Chiang Kai-shek and Chennault,60 as did Chennault's wartime associate William Pawley, a freewheeling overseas investor who, like Helliwell, reputedly had links to mob drug traffickers.61

Donovan's support for Chennault was part of his general advocacy of rollback against communism and his interest in guerrilla armies—a strongly held ideology that, as we shall see, led to his appointment as ambassador to Thailand in 1953. His intellectual ally in this was the former Trotskyite James Burnham, another protégé of Henry Luce by then in the OPC (and a prototype of the neoconservatives half a century later). Burnham wrote in his book ("published with great Luce fanfare in early 1950") of "rolling back" communism and of supporting Chiang Kai-shek to, at some future point, "throw the Communists back out of China."62

The Belated Authorization of Operation Paper

In the midst of this turmoil, OPC Chief Frank Wisner began in the summer of 1948 to refinance and eventually take over Chennault's airline, CAT, which Chiang Kai-shek's friend Claire Chennault had organized with postwar UN relief funds to airlift supplies to the KMT armies in China. Wisner "negotiated with Corcoran for the purchase of CAT [in which Corcoran as well as Chennault had a financial interest]. In March [1950], using a 'cutout' banker or middleman, the CIA paid CAT $350,000 to clear up arrearages, $400,000 for future operations, and a $1 million option on the business."63

Richard Stilwell, Far Eastern chief of the OPC and the future

overseer of Operation Paper, dickered with Corcoran over the purchase price.64 The details were finalized in March 1950, shortly before the outbreak of the Korean War in June generated for CAT Inc. a huge volume of new business.65 Alfred Cox, OPC station chief in Hong Kong and the chief executive officer (CEO) of CAT Inc., directed the supply operation to Li Mi.66

According to an unfavorable assessment by Lieutenant Colonel William Corson, a former marine intelligence officer on special assignment with the CIA, the OPC,

> in late summer 1950, recruited (or rather hired) a batch of Chinese Nationalist soldiers [who] were transported by the OPC to northern Burma, where they were expected to launch guerrilla raids into China. At the time this dubious project was initiated no consideration was given to the facts that (a) Truman had declined Chiang's offer to participate in the Korean War . . . (b) Burmese neutrality was violated by this action; and (c) the troops provided by Chiang were utterly lacking in qualifications for such a purpose.67

Shortly afterward, in October 1950, Truman appointed a new and more assertive CIA director, Walter Bedell Smith. Within a week Smith took the first steps to make the OPC and Wisner answerable for the first time, at least on paper, to the CIA.68 Smith ultimately succeeded in his vigorous campaign to bring Wisner and the OPC under his control, partly by bringing in Allen Dulles to oversee both the OPC and the CIA's rival Office of Special Operations (OSO, the successor to the Strategic Service Unit).69 Yet in November 1950, only one month after his appointment as director, Smith tried and failed to kill Operation Paper when the proposal was belatedly submitted by the OPC (backed by the Joint Chiefs) for Truman's approval:

> The JCS [Joint Chiefs of Staff] in April 1950 issued a series of recommendations, including a programme of covert assistance to local anti-communist forces. This proposal received additional stimulus following the Korean War and especially after Communist China entered that conflict. Shortly after the People's Republic's (PRC's) intervention, the Central Intelligence Agency's (CIA's) Office of Policy Co-ordination (OPC) proposed a programme to divert the PRC's military from the Korean peninsula. The plan called for U.S. aid to the 93rd, followed by an invasion of Yunnan by Li's men. Interestingly, the CIA's director, Walter Bedell Smith, opposed the plan, considering it too risky. But President Harry S. Truman saw merit in the OPC proposal and approved it. The programme became known as Operation Paper.70

It is not clear whether, when Truman approved Operation Paper in November 1950, his secretary of state, Dean Acheson, was even aware of it. It is a matter of record that the U.S. embassies in Burma and Thailand knew nothing of the authorization until well into 1951, when they learned of it from the British and eventually from Phibun himself.71 The scholar Victor Kaufman reports that he "was unable to turn up any evidence at the Truman Library, the National Archives or in the volumes of FRUS [*Foreign Relations of the United States*] to determine whether in fact Acheson knew of the operation and, if so, at

what point."72

Both MacArthur and Chennault had ambitious designs for the CAT-supported KMT troops in Burma. With the outbreak of the Korean War in 1950, CAT played an important role in airlifting supplies to the U.S. troops.73 But both MacArthur and Chennault spoke publicly of trapping communist China in what Chennault called a "giant pincers"—simultaneous attacks from Korea and from Burma.74

The OPC kicked in by helping to build up a major airstrip at the chief KMT base at Mong Hsat, Burma, followed by a regular shuttle transport of American arms.75 However, Li Mi's attempts to invade Yunnan in 1951 and 1952 (three according to McCoy, seven according to Lintner) were swiftly repelled by local militiamen with heavy casualties after advances of no more than sixty miles.76 CIA advisers accompanied the incursions, and some of them were killed.77

American journalists and historians like to attribute the CIA's Operation Paper, in support of Li Mi and the opium-growing 93rd Division in Burma, to President Truman's authorization in November 1950, following the outbreak of the Korean War in June 1950 and above all the Chinese crossing of the Yalu River.78 But as historian Daniel Fineman points out, Truman was merely authorizing an arms shipments program that had already begun months earlier:

> Shortly after the writing of the [April 1950] JCS memorandum, the United States began supplying arms and matériel to the [KMT] troops. [The Burmese protested in August 1950 that they had discovered in northern Burma an American military officer from the Bangkok embassy in Burma without authorization.79] In the fall, the . . . Office of Policy Coordination (OPC) drafted a daring plan for them to invade Yunnan. The CIA's director, Walter Bedell Smith, opposed the risky scheme, but Truman [in November 1950] rejected his warning. . . . In January 1951, the CIA initiated its project, code-named Operation Paper. It aimed to prepare the Kuomintang (KMT) forces in Burma for an invasion of Yunnan.80

The futility of Li Mi's military jabs against China was obvious to Washington by 1952. Yet Federal Bureau of Narcotics (FBN) Chief Harry Anslinger continued to cover up the Li Mi-Thai drug connection for the next decade. The annual trafficking reports of the FBN recorded one seizure of distinctive Thai Government Monopoly opium in 1949 and on "several occasions" more in 1950. But after the initiation of Operation Paper in 1951, the FBN over a decade listed only one seizure of Thai drugs (from two seamen), until it began reporting Thai drug seizures again in 1962.81

Meanwhile, Anslinger, who "had established a working relationship with the CIA by the early 1950s . . . blamed the PRC [People's Republic of China, as opposed to their enemy the KMT] for orchestrating the annual movement of some two hundred to four hundred tons of opium from Yunnan to Bangkok."82 This protection of the world's leading drug traffickers (who were also CIA proxies) did

not cease with Anslinger, nor even when the FBN, by then thoroughly corrupted from such cover-ups, was replaced in 1968 by the Bureau of Narcotics and Dangerous Drugs and finally in 1973 by the Drug Enforcement Administration. As I write in 2010, the U.S. media are blaming the drug traffic in Afghanistan on the Taliban-led insurgency, but UN statistics (examined later in this book) suggest that insurgents receive less than 12 percent of the total drug revenues in Afghanistan's totally drug-corrupted economy.

As we saw in the previous chapter, Anslinger's tenure at the FBN was when the CIA also forged anticommunist drug alliances in Europe in the 1940s with the Italian Mafia in Sicily and the Corsican Mafia in Marseilles. The KMT drug support operation was longer lived and had more lasting consequences in America as well as in Southeast Asia. It converted the Golden Triangle of Burma–Thailand–Laos, which before the war had been marginal to the global drug economy, into what was for two decades the dominant opium-growing area of the world.

Did Some People Intend to Develop the Drug Traffic with Operation Paper?

The decision to arm Li Mi was obviously controversial and known to only a few. Some of those backing the OPC's support of a pro-KMT airline and troops may have envisaged from the outset that the 93rd Division would continue, as during the war, to act as drug traffickers. The key figure, Paul Helliwell, may have had a dual interest, inasmuch as he not only was a former OSS officer but also at some point became the legal counsel in Florida for the small Miami National Bank used after 1956 by Meyer Lansky to launder illegal funds.83 We shall see in the next chapter that Helliwell also went on to represent Phao's drug-financed government in the United States and to receive funds from that source.84

It is possible that in the mind of Helliwell, with his still ill-understood links to the underworld and Meyer Lansky, Li Mi's troops were not being used to invade China so much as to restore the war-dislocated international drug traffic that supported the anticommunist KMT and the comprador capitalist activities of its supporters throughout Southeast Asia.85 (As a military historian has commented, "Li Mi was more Mafia or war lord than Chinese Nationalist. Relying on his troops to bring down Mao was an OPC pipe dream."86)

It is possible also that other networks associated with the drug traffic became part of the infrastructure of the Li Mi operation. This question can be asked of some of the ragtag group of pilots associated with Chennault's airlines in Asia, some of whom were rumored to have seized this opportunity for drug trafficking.87 According to

William R. Corson (a marine colonel assigned at one point to the CIA),

> The opium grown by the ChiNat guerrillas . . . was transported by OPC contract aircraft from the forward base to Bangkok for sale to buyers from the various "connections." The pilots who flew these bushtype aircraft and often served as agents or go-betweens with the guerrilla leaders and the opium buyers were a motley band of men. Some were ex-Nazis, others part of the band of expatriates who emerge in foreign countries following any war.88

The FBN by this time was aware that Margaret Chung, the attending physician to the pilots of Chennault's wartime airline, was involved with Bugsy Siegel's friend Virginia Hill "in the narcotic traffic in San Francisco."89 During World War II, when the Office of Naval Intelligence through the OSS approached Dr. Chung for some specific intelligence on China, she "volunteered that she could supply detailed information . . . 'from some of the smugglers in San Francisco.'"90

One has to ask what was in the mind of Chennault. Chennault himself was once investigated for smuggling activities, "but no official action was taken because he was politically untouchable."91 I have no reason to suspect that Chennault wished to profit personally from the drug traffic. But his objective in opposing Chinese communists was to split off ethically divergent provinces like Xinjiang, Tibet, and above all Yunnan.

Chennault's top priority was Yunnan, with its long-established Haw (or Hui) Muslim minority, many of whom (especially in southwestern Yunnan) traditionally dominated the opium trade into Thailand.92 The troops of the reconstituted 93rd Division were principally Haws from Yunnan.93 To this day, one Thai name for the KMT Yunnanese minority in northern Thailand is *gaan beng gaaosipsaam* ("93rd Division"), and visitors to the former base of the KMT general Duan Xiwen in Thailand (Mae Salong) are struck by the mosque one sees there.94

I suspect that Chennault may have known that none of the elements in the reconstituted 93rd Division "had made great records of military accomplishment" during World War II,95 that the 93rd had been engaged in drug trafficking when based at Jinghong during World War II,96 and that when the 93rd Division moved into northern Burma and Laos in 1946, it was "in reality, to seize the opium harvest there."97 That the 93rd Division settled into managing the postwar drug traffic out of Burma should have come as no surprise.

Chennault was close to Madame Chiang Kai-shek, T. V. Soong, and the KMT, which had been supporting itself from opium revenues since the 1930s.98 Linked to drug trafficking both in Thailand (through the Tai Li spy network) and in America, the KMT, after expulsion from Yunnan, desperately needed a new opium supply to maintain its contacts with the opium-trafficking triads and other former assets of Tai Li in Southeast Asia.99

From the time of the inception of the KMT government in the 1920s, KMT officials had been caught smuggling opium and heroin into the United States.100 As noted earlier, an FBN supervisor reported in 1946 that "in a recent Kuomintang Convention in Mexico City a wide solicitation of funds for the future operation of the opium trade was noted." In July 1947 the State Department reported that the Chinese Nationalist government was "selling opium in a desperate attempt to pay troops still fighting the Communists."101 The *New York Times* reported on July 23, 1949, the seizure in Hong Kong of twenty-two pounds of heroin that had arrived from a CIA-supplied Kuomintang outpost in Kunming.102 But the loss of Yunnan in 1949–1950 meant that the KMT would have to develop a new source of supply.

The key to the survival of the KMT was of course its establishment and protection after 1949 on the island of Taiwan. Chennault and his airline CAT helped move the KMT leadership and its resources to its new base and to deny the new Chinese People's Republic the Chinese civil air fleet (which became embroiled in a protracted Hong Kong legal battle where CAT was represented by William Donovan).103 By 1950 one of Chennault's wartime pilots, Satiris (or Soteris or Sortiris) Fassoulis ran a firm, Commerce International China, Inc., that privately supplied arms and military advisers to Chiang Kai-shek on Taiwan. Bruce Cumings speculates that he may have done so for the OPC at a time when Acheson was publicly refusing to commit the United States to the defense of Taiwan.104

Finally, *all* those handling Operation Paper in and for the OPC (Fitzgerald, Helliwell, Joost, CAT Inc. CEO Alfred Cox, and Bird) had had experience in the area during World War II. If they had *not* wanted Li Mi and CAT to become involved in restoring the KMT drug traffic, it would have been imperative for them to ensure that the KMT on Taiwan had no control over CAT's operations. But Wisner and Helliwell did the exact opposite: when they took over the CAT airline, they gave majority control of the CAT planes to the KMT-linked Kincheng Bank on Taiwan.105 Thereafter for many years CAT planes would fly arms into Li Mi's camp for the CIA and then fly drugs out for the KMT.

The opium traffic may well have seemed attractive to OPC for strategic as well as financial reasons. As Alfred McCoy has observed, Phao's pro-KMT activities in Thailand "were a part of a larger CIA effort to combat the growing popularity of the People's Republic among the wealthy, influential overseas Chinese community throughout Southeast Asia."106 I have noted elsewhere that the KMT reached these communities in part through triads and other secret societies (especially in Malaya) that had traditionally been involved in the opium traffic. Thus, the restoration of an opium supply in Burma

to replace that being lost in Yunnan had the result of sustaining a social fabric and an economy that was capitalist and anticommunist.107

I would add today that the opium traffic was an even more important element in an anticommunist strategy for Southeast Asia as a source of income. We have already seen that for a century, the Thai state had relied on its revenues from the state opium monopoly; in 1953 "the Thai representative at the April CND [Commission on Narcotic Drugs] session had admitted that his country could not afford to give up the revenue from the opium business."108

Just as important was the role of opium profits in promoting capitalism among the Chinese businessmen of Southeast Asia (the agenda of Sir William Stephenson and the WCC). Whether the Chinese who dominated business in the region would turn their allegiance to Beijing depended on the availability of funds for alternative business opportunities. Here Phao's banker, Chin Sophonpanich, became a source of funds for top anticommunist businessmen not only in Thailand but also in Malaysia and Indonesia:

> Chin Sophonpanich created the largest bank in south-east Asia and one that was extremely profitable. A report by the International Monetary Fund in 1973 claimed that Bangkok Bank's privileged position allowed it to make returns on its capital in excess of 100 per cent a year (a claim denounced by Chin's lieutenants). What was not in dispute was that the bank's bulging deposit base could not be lent out at optimum rates in Thailand alone. This is where Chin revolutionised the south-east Asian banking scene. He personally travelled between Hong Kong, Singapore, Kuala Lumpur and Jakarta, identifying and courting the new generation of putative post colonial tycoons. . . . Chin banked the key godfathers outside Hong Kong—Robert Kuok in Malaysia, Liem Sioe Liong [Sudono Salim] in Indonesia, the Chearavanonts in Thailand—as well as other players in Singapore and Hong Kong. . . . Chin was closely linked to the Thai heroin trade through his role as personal financier to the narcotics kingpin Phao Sriyanon, and to other politicians involved in running the drug business.109

Chin thus followed the example of the Khaw family opium farmers in nineteenth-century Siam, whose commercial influence also eventually "extended across Siam's southern borders into Malaya and the Netherlands East Indies" into legitimate industries, such as tin mines and a shipping company.110

America had another reason to accept Li Mi's smuggling activities: as a source of badly needed Burmese tungsten. According to Jonathan Marshall, there is fragmentary evidence that OPC/CIA support for his remnant army was "also to facilitate Western control of Burma's tungsten resources."111

Creation of an Off-the-Books Force without Accountability

The OPC aid to Thai police greatly augmented the influence of both Phao Sriyanon, who received it, and Willis Bird, the OSS veteran

through which it passed and who was already a supplier for the Thai military and police. Seeing the gap between the generals who had organized the military coup of 1947 and U.S. Ambassador Stanton, who still worked to support civilian politicians, Bird worked with Phao and the generals of the 1947 Coup Group to create in 1950 a secret "Naresuan Committee." Bypassing the U.S. embassy altogether, the Naresuan Committee created a parallel, parastatal channel for U.S.–Thai governmental relations between OPC and Phao's BPP:

> Bird organized in 1950 a secret committee of leading military and political figures to develop an anticommunist strategy and, more importantly, lobby the United States for increased military assistance. The group, dubbed the Naresuan Committee, included police strongman Phao Sriyanon, Sarit Thanarat, Phin Choonhawan, Phao's father-in-law, air force chief Fuen Ronnaphakat, and Bird's [Anglo-Thai] brother-in-law, [air force colonel] Sitthi [Savetsila, later Thailand's foreign minister for a decade]. . . . Bird and the generals established their committee to bypass the ambassador and . . . work through [Bird's] old OSS buddies now employed by the CIA [*sic*, i.e., OPC].112

Thomas Lobe, ignoring Bird, writes that it was the "Thai military clique" who organized the committee. But from his own prose we learn that the initiative may have been neither theirs nor Bird's alone but in implementation of a new strategy of support to the KMT in Burma, designed by the OPC and JCS in Washington:

> A high-ranking U.S. military officer and a CIA [OPC] official came to Bangkok [in 1950] to review the political situation.113 . . . Through the "[Naresuan] Anti-Communist Committee," secret negotiations ensued between Phao and the CIA [OPC]. The U.S. representative explained the need for a paramilitary force that could both defend Thai borders and cross over into Thailand's neighbors—Vietnam, Laos, Burma, Cambodia, *and China*—for secret missions. . . . The CIA's new police were to be special: an elite force outside the normal chain of command of both the Thai security bureaucracy and the TNPD [Thai National Police department]. Phao and Phibun agreed to this arrangement because of the increase in armed power that this new national police meant *vis-à-vis* the armed forces.114

This was in keeping with the JCS call in April 1950 for a new "program of special covert operations designed to interfere with Communist activities in Southeast Asia," noting "the evidences of renewed vitality and apparent increased effectiveness of the Chinese Nationalist forces."115

Action was taken immediately:

> [Bird's] CIA [i.e., OPC] contacts sent an observer to meet the committee and, impressed with the resolve the Thais manifested, got Washington to agree to a large covert assistance program. Because they considered the matter urgent, *planners on both the Thai and American sides decided to forgo a formal agreement on the terms of the aid*. Instead, Paul Helliwell, an OSS friend of Bird [from China] now practicing law in Florida [as well as military reserve officer and OPC operative], incorporated a dummy firm in Miami named the Sea (i.e. South-East Asia) Supply Company as a cover for the operation. The CIA [OPC], the agency on the American end responsible for the assistance, opened a Sea Supply office in Bangkok. . . . By the beginning of 1951, Sea Supply was receiving arms shipments for distribution. . . . The CIA [OPC] appointed Bird's firm general agent for Sea Supply in Bangkok.116

Sea Supply's arms from Bird soon reached not only the Thai police and BPP but also, starting in early 1951, the KMT 93rd Division in Burma, which was still supporting itself, as during the war, from the opium traffic.117 General Li Mi, the postwar commander of the 93rd Division, would consult with Bird and Phao in Bangkok about the arms that he needed for the KMT base at Mong Hsat in Burma and that had already begun to reach him *months before* the creation of the Bangkok Sea Supply office in January 1951.118 The airline supplying the KMT base at Mong Hsat in Burma from Bangkok was Helliwell's other OPC proprietary, CAT Inc., which in 1959 changed its name to become the well-known Air America. The deliberately informal arrangement for Sea Supply served to mask the sensitive arms shipments to a KMT opium base.119

In the complex legal takeover of Chennault's airline, his assets developed into three separate components: planes (the Taiwanese civilian airline Civil Air Transport or CATCL), pilots (later Air America), and ground-support operations (Air Asia). Of these, the planes were only 40 percent owned by the CIA; the remaining 60 percent continued to be owned by KMT financiers (with alleged links to T.V. Soong and Mme. Chiang Kai-shek), who had relocated to Taiwan and were associated with the Kincheng Bank.120 The Kincheng Bank was under the control of the so-called Political Science Clique of the KMT, whose member Chen Yi was the first postwar KMT governor of Taiwan.121

The OPC's organizational arrangements for its proprietary CAT, which left 60 percent of the company owning the CAT planes in KMT hands, guaranteed that CAT's activities were immune to being reined in by Washington.122 In fact Helliwell, Bird, and Bird's Thai brother-in-law Sitthi Savetsila all avoided the U.S. embassy and instead plotted strategy for the KMT armies at the Taiwanese embassy. There the real headquarters for Operation Paper was the private office of Taiwanese Defense Attaché Chen Zengshi, a graduate of China's Whampoa Military Academy.123

Bird's energetic promotion of Phao, precisely at a time when the U.S. embassy was trying to reduce Phao's corrupt influence, led to a 1951 embassy memorandum of protest to Washington about Bird's activities. "Why is this man Bird allowed to deal with the Police Chief [Phao]?" the memo asked.124 The question, for which there is no publicly recorded reply, was an urgent one. Bird's backing of the so-called Coup Group (Phin Choonhavan, Phao Sriyanon, and Sarit Thanarat), reinforced by the obvious U.S. support for Bird through Operation Paper and Sea Supply, encouraged these military men, in their November 1951 "Silent Coup," to defy Stanton, dissolve the Thai parliament, and replace the postwar Thai constitution with one based on the much more reactionary constitution of 1932.125

When the OPC airline CAT began its covert flights to Burma in the 1950s, the area produced about eighty tons of opium a year. In ten years' time, production had at least quadrupled, and at one point during the Vietnam War, the output from the Golden Triangle reached 1,200 tons a year. By 1971, there were also at least seven heroin labs in the region, one of which, close to the CIA base of Ban Houei Sai in Laos, produced an estimated 3.6 tons of heroin a year.126

The end of the Vietnam War did not interrupt the flow of CIA-protected heroin to America from the KMT remnants of the former 93rd Division, now relocated in northern Thailand under Generals Li Wenhuan and Duan Xiwen (Tuan Hsi-wen). The two generals, by then officially integrated into the defense forces of Thailand, still enjoyed a special relationship to and protection from the CIA. With this protection, Li Wenhuan, from his base in Tam Ngob, became, according to James Mills, "one of the most powerful narcotics traffickers on earth . . . controlling the opium from which is refined a major percentage of heroin entering the United States."127

From the very outset of Operation Paper, the consequences were felt in America itself. As I have shown elsewhere, most of the KMT-Thai opium and heroin was distributed in America by KMT-linked tongs with long-term ties to the American mafia.128 Thus, Anslinger's rhetoric served to protect the primary organized crime networks distributing Asian narcotics in America. Far more than the CIA drug alliances in Europe, the CIA's drug project in Asia contributed to the drug crisis that afflicted America during the Vietnam War and from which America still suffers. Furthermore, U.S. protection of leading KMT drug traffickers led to the neutralization of domestic drug enforcement at a high level. It has also inflicted decades of militarized oppression on the tribes of eastern Myanmar (Burma), perhaps the principal victims of this story.

By the end of 1951, Truman, convinced that the KMT forces in Burma were more of a threat to his containment policy than an asset, "had come to the conclusion that the irregulars had to be removed."129 Direct U.S. support to Li Mi ended, forcing the KMT troops to focus even more actively on proceeds from opium, soon supplemented by profits from morphine labs as well. But nevertheless, in June 1952, as we shall see, 100 Thai graduates from the BPP training camp were in Burma training Li Mi's troops in jungle warfare.130 After a skirmish in 1953, the Burma army recovered the corpses of three white men, with no identification except for some documents with addresses in Washington and New York.131 Operation Paper was by now leading a life of its own, independent not just of Ambassador Stanton but even of the president.

A much-publicized evacuation of troops to Taiwan in 1953–1954 was a charade, despite five months of strenuous negotiations by William Donovan, by then Eisenhower's ambassador in Thailand. Old men, boys, and hill tribesmen were airlifted by CAT from Thailand and replaced by fresh troops, new arms, and a new commander.132

The fiasco of Operation Paper led in 1952 to the final absorption of the OPC into the CIA. According to R. Harris Smith,

> Bedell Smith . . . summoned the OPC's Far East director, Richard Stilwell, and, in the words of an agency eyewitness, gave him such a "violent tongue lashing" that "the colonel went down the hall in tears." . . . [T]he Burma debacle was the worst in a string of OPC affronts that confirmed his decision to abolish the office. In 1952 he merged the OPC with the CIA's Office of Special Operations [to create a new Directorate of Plans].133

What precipitated this decision was an event remembered inside the agency as the "Thailand flap." Its precise nature remains unknown, but central to it was a drugs-related in-house murder. Allen Dulles's biographer recounts that in 1952 Walter Bedell Smith "had to send top officials of both clandestine branches [the CIA's OSO and OPC] out to untangle a mess of opium trading under the cover of efforts to topple the Chinese communists."134 (I heard from a former CIA officer that an OSO officer investigating drug flows through Thailand was murdered by an OPC officer.135) Years later, at a secret Council on Foreign Affairs meeting in 1968 to review official intelligence operations, former CIA officer Richard Bissell referred back to the CIA–OPC flap as "a total disaster organizationally."136

But what was an organizational disaster may be seen as having benefited the political objectives of the wealthy New York Republicans in OPC (including Wisner, Fitzgerald, Burnham, and others) who constituted an overworld enclave committed to rollback inside the Truman establishment committed to containment. (Recall that Wisner had surrounded himself in the OPC with men who, in the words of Wisner's ex-wife, "had money enough of their own to be able to come down" to Washington.137) This enclave was already experimenting with attempts to launch the rollback policy that Eisenhower and John Foster Dulles would call for in the 1952 election campaign.138

Truman, understandably and rightly, mistrusted this enclave of overworld Wall Street Republicans that the CIA and OPC had injected into his administration. The four directors Truman appointed to oversee central intelligence—Sidney Souers, Hoyt Vandenberg, Roscoe Hillenkoetter, and Walter Bedell Smith—were all from the military and all (like Truman himself) from the central United States.139 This was in striking contrast to the six known deputy directors below them, whose background was that of New York City or (in one case) Boston, law and/or finance, and (in all cases but one) the Social Register.140

But Bedell Smith, Truman's choice to control the CIA, inadvertently

set the stage for overworld triumph in the agency when, in January 1951, he brought in Allen Dulles (Wall Street Republican, Social Register, and OSS) "to control Frank Wisner."141 And with the Republican election victory of 1952, Bedell Smith's intentions in abolishing the OPC were completely reversed. Desmond Fitzgerald of the OPC, who had been responsible for the controversial Operation Paper, became chief of the CIA's Far East Division.142 American arms and supplies continued to reach Li Mi's troops, no longer directly from OPC but now indirectly through either the BPP in Thailand or the KMT in Taiwan. Meanwhile, for at least seven years, the BPP would "capture" KMT opium in staged raids, and turn it over to the Thai Opium Monopoly. The "reward" for doing so, one-eighth the retail value, financed the BPP.143

The CIA support for Phao began to wane in 1955–1956, especially after a staged BPP seizure of twenty tons of opium on the Thai border was exposed by a dramatic story in the *Saturday Evening Post*.144 But the role of the BPP in the drug trade changed little, as is indicated in a recent report from the Asian Human Rights Commission in Hong Kong on documented cases of police murders and the BPP being arrested "for allegedly abducting and torturing people for ransom and in order to fabricate cases." The report added,

> The police force that exists in Thailand today is for all intents and purposes the same one that was built by Pol. Gen. Phao Sriyanond in the 1950s. . . . It took on paramilitary functions through new special units, including the border police. It ran the drug trade, carried out abductions and killings with impunity, and was used as a political base for Phao and his associates. Successive attempts to reform the police, particularly from the 1970s onwards, have all met with failure despite almost universal acknowledgment that something must be done.145

The last sentence could equally be applied to America with respect to the CIA's involvement in the global drug connection.

4
Rollback, PARU, and Laos

Preparing for Offensive War

> As an Agency, in fact, we are heavily engaged in tracing the foreign roots of the drug traffic. . . . We hope we are helping with a solution; we know we are not part of the problem.1
>
> Well, the legacy of Laos, I think, is something that nobody's really thought about. Let's look at it. For ten years the CIA's biggest operation was completely integrated with the structure of the Indochina opium trade.2

PSB D-23, Donovan, and PARU: Preparing for the Second Indochina War

WITH THE ELECTION OF EISENHOWER IN 1952, the overall posture of the CIA and its Southeast Asian drug connection changed significantly from a defensive holding strategy to long-term preparations for rollback. During the 1952 campaign the Republicans had called for the "rollback" of Soviet gains in Eastern Europe and also for the "unleashing" of Chiang Kai-shek. Former Chennault backers like Henry Luce of Time-Life demanded a change of policy and personnel for the United States in the Far East. Once elected—and confronted with reality—Republican interest in Li Mi's troops declined, but the status of General Phao with the U.S. government and embassy improved radically. The rollback theories of Chiang and Chennault had a comeback in 1953 but with the difference of looking primarily to Thailand instead of to the Kuomintang (KMT).3

Establishment histories of the U.S. involvement in Indochina, based on the partial picture supplied by the State Department's *Foreign Relations of the United States* (*FRUS*) series and the *Pentagon Papers*, focus on the "deepening" of U.S. support for the French in 1953. They tend to overlook how the later U.S. involvement in Vietnam also evolved continuously out of crucial decisions taken in 1953 with respect to Thailand.4

An important strategy document approved by the National Security Council in September 1953, PSB D-23, called for support for the French and also more: "Expanded para-military and other programs beyond the borders of Thailand," to "extend U.S. influence . . . thus gradually creating a climate of victory."5 The proposal "designated Thailand as a base for overt and covert paramilitary operations against communism; in the second phase of the program, Thailand would serve as the base for similar operations throughout the whole of Southeast Asia."6

The document was drafted at the direction of Eisenhower's special

assistant, C. D. Jackson, whom Carl Bernstein once called "Henry Luce's personal emissary to the CIA."7 It was written with the increasing awareness that the French might soon lose in Vietnam and that steps should therefore be initiated to create centers of covert resistance in a future communist Indochina.8 The new strategy was based on an ignorant and indeed comic pseudoanthropological premise: the supposed "ethnic bonds of the Thai peoples scattered through Thailand, Laos, Cambodia, Vietnam, Burma, and China."9

However absurd the premises, the steps taken to implement PSB D-23 in 1953, months before the French and Vietnamese signed the Geneva Peace Accords in 1954, were nevertheless successful in abetting a resumption of warfare in Laos in December 1960—the first overt military battles in what would become the second Indochina War. The first of these steps was the augmentation of aid to Phao's Border Patrol Police (BPP) and a parallel buildup of a unit within it, the Police Aerial Reinforcement Unit (PARU):10

> The BPP grew to ninety-four platoons of forty-five men each (or 4,230 men) by late 1953. They were well-armed, mobile, counter-insurgency fighters specializing in intelligence gathering along Thailand's borders *and in conducting cross-border combat and reconnaissance operations*. . . . The United States, through its Sea Supply/CIA advisors, continued to exercise almost complete control, both in training and operations—the PARU and BPP were "their" units. . . . The U.S. advisors were operational to the extreme: a few were killed in action.11

Bill Lair's oral history interview makes it clear that PARU, while at one point opposed and almost terminated by middle-level CIA officers, received crucial backing from two of Donovan's Office of Strategic Services (OSS) comrades: Far Eastern Division Chief Desmond Fitzgerald (New York Social Register as well as the Office of Policy Coordination [OPC] officer who oversaw Operation Paper) and CIA Director Allen Dulles.12

Enter William Donovan from the Wall Street Overworld

In 1953, Eisenhower and newly appointed Undersecretary of State Walter Bedell Smith sent former OSS Chief William Donovan to Bangkok as ambassador. He arrived with a dual mission: on the one hand, to sever the embarrassing direct CIA connection to Li Mi's drug traffickers and, on the other, to build up Phao's BPP into an alternative bulwark in its own right against Chinese communism.

Donovan was charged with specific instructions to implement the forward strategy of PSB D-23 and to prepare for "building a bastion in Thailand from which various operations can be initiated into adjoining areas."13 The choice of Donovan was significant and controversial. The ex-OSS chief, a supporter of Chiang and of rollback,

was also "a fanatic believer in the value of covert operations and guerrilla struggle," and he had powerful connections to MacArthur, Washington, the new CIA Director Allen Dulles, and Wall Street.14

Donovan also had the resources to influence world developments, not only through the public U.S. government but from outside it as well. Like William Casey in the 1980s, Donovan was able to muster nongovernmental assets and resources from the overworld milieu. Where Donovan would secure such resources is unclear, but his biographers make frequent reference to Wall Street, Allen Dulles, and the British spy chief Sir William Stephenson.

In the period before the Korean War, Donovan had "made several trips to East Asia and became a powerful advocate of rollback."15 In 1950 he visited "'all the countries between [Burma] and Japan,' advocating covert action against the Chinese Communists." In addition Donovan "was in and out as a consultant to the Agency as early as the [Bedell] Smith reorganization [of 1950]."16 He circulated a plan of his own, somewhat like Chennault's a year earlier but calling specifically for the appointment of a supreme U.S. military leader for the whole region.17

After his appointment, Donovan asked repeatedly to be made not only an ambassador but also a "Personal Representative of the President," with "the right to travel to such areas as in my discretion seems necessary."18 Denied in his hopes of a higher, regional appointment, Donovan nonetheless "began flying all over Asia, *paying his own expenses and those of his assistants*," because he believed that "if Thailand was to be secured against Communism, the problem must be tackled regionally as well as locally."19 Donovan also cabled his old OSS buddy Willis Bird from America "before anyone else."20

Newly hired CIA Paramilitary Case Officer Bill Lair had arrived in Thailand on March 1, 1951, and began training the BPP, first at Lopburi and later at Hua Hin near the royal summer palace.21 (Lair would soon marry the sister of Sitthi Savetsila, thus becoming a brother-in-law of Willis Bird.) With Donovan's arrival, CIA aid to the BPP, which had begun in 1951, was greatly augmented. By the end of the year there were at least seventy-six overt U.S. advisers in Thailand, supplemented by as many as 200 covert Sea Supply advisers.22 Donovan himself spent many of his weekends at Sea Supply's paratrooper camp in Lopburi province, which had been opened up in 1950 to train Phao's police.23 Unquestionably the camp had become by then the base for what PSB D-23 had called for —"expanded para-military and other programs beyond the borders of Thailand"—and specifically in Laos.24 To ensure support, "the CIA and the U.S. Information Service [were soon] manufacturing fake communist tracts in Thai that attacked the monarchy."25

Once again, as in the case of Operation Paper, these rollback activities had begun well before their official authorization by PSB D-23 in September 1953—and for that matter well before the 1952 U.S. election had substituted rollback for containment as an accepted U.S. policy goal. Already by June 1952, "one hundred graduates from the Lopburi camp were in Burma [for Operation Paper] training the [KMT] Nationalists in jungle warfare."26

1954: With the French Defeat, Phase II of PARU Is Belatedly Authorized

It is doubtful whether Phase II of PSB D-23—the rollback phase of Donovan's plan—received presidential approval from Eisenhower before 1954. As Fineman notes,

> JCS [Joint Chiefs of Staff] preference for direct aid to French forces forced the NSC [National Security Council] in September [1953] to authorize implementation of only phase one ["strengthening Thailand's will and ability to resist"], *postponing indefinitely execution of the provisions in phase two* taking the psychological war to neighboring countries.27

By September the much-revised text of PSB D-23 conceded that "Indochina remains the principal theater of resistance . . . and consequently U.S. assets and resources cannot be diverted therefrom." (The change reflected the armed services' preference for supplying conventional air and naval support to the French in Indochina over the CIA's alternative interest in preparing for unconventional warfare.) Because of this insertion, Admiral Radford told the NSC that "the Joint Chiefs would probably have no objection" to the report. It was Robert Bowie of State who secured a further amendment to "clearly indicate that any decision to initiate Phase II of the plan for Thailand must be made by the National Security Council itself."28

In the *FRUS*, there is no sign of further NSC consideration of PSB D-23 until July 1954, *after* the French defeat in Indochina. At this point a report to the NSC notes that "military developments in the Indochina area . . . have punctuated the transition from Phase I of PSB-23 to one approaching Phase II which visualized the loss of Indochina to the Communists."29

Yet Donovan took steps to implement Phase II directly on his arrival in 1953, using the assets of Sea Supply's Lopburi training base that had been used to train Phao's police. (By 1953, "two hundred CIA advisers had arrived to train and supply the police."30) Fineman writes that PARU expanded in this period into an offensive, cross-border unit. In his account this was largely the result of Lair's initiative, although some people in Washington had decided by 1953

to discontinue the Lopburi training program, . . . the CIA head of the Lopburi camp, William Lair, resisted. Lair proposed . . . forming a new Thai unit *to operate covertly in neighboring countries*. Because the plan answered the demands of PSB D-23, Donovan and Washington readily approved Lair's recommendations. PARU was the result. Over 1953 and 1954, PARU developed into a small, but effective, guerrilla and anti-guerrilla force.31

But from the *FRUS*, we learn that C. D. Jackson, the original author of PSB D-23, now looked to Thailand as a fallback base for an anticommunist response after the French were defeated. In early 1954, after rejecting Admiral Radford's recommendation for U.S. military intervention at Dien Bien Phu, Eisenhower ordered five top security advisers (including C. D. Jackson) to form a special committee and discuss responses to the impending "reverse in Indochina." According to Gareth Porter, "One of the ideas discussed at the meeting was that Thailand could 'constitute a bastion if Indochina fell'":32

Both Dulles and Radford agreed that, after the Geneva agreement was signed, the most likely form of "aggression" would be subversion. Dulles told Eisenhower that the risk of subversion could be "largely countered by some buildup of local forces, as in Thailand . . . which he pointed out would be "infinitely" cheaper than building a "major military defense in the area."33

It seems clear that Washington proceed with two types of buildup. American military assistance to Thailand was stepped up under the umbrella of a new but largely ineffectual Southeast Asia Treaty Organization (SEATO), an unwieldy assemblage of eight nations among which only one, Thailand, was on the Southeast Asian mainland. The treaty committed the United States to fight in defense of Thailand but was carefully drafted "so as to exclude any U.S. military commitment to use force in the circumstances . . . most likely to arise in Vietnam."34

The United States, in other words, would not overturn the Geneva agreements with *military* force. It was equally clear, however, that America was still planning how to resist the full implementation of the accords and in particular the holding of Vietnamese elections in 1956, which, by every estimate, would confirm Hanoi's control over both North and South Vietnam.

Partly to reassure Thai anxieties, the United States made clear its determination that Laos, in particular, would not succumb to North Vietnamese influence:

In discussions with Thai Foreign Minister Prince Wan Waithayakorn and Ambassador Pote Sarasin, Dulles portrayed the new [SEATO] pact as drawing a new defense line in the region that would include Thailand, Burma, Laos, and Cambodia, and "perhaps part of Vietnam."35

PARU at this point was the only serious *nonmilitary* asset that the United States possessed to fulfill this assurance. As we shall see, PARU did become a mainstay of U.S. intervention in Laos and did become

the initial cadre of the U.S. secret war in that country.

This happened only after a Thai coup in August 1957 overthrew Phibun, who had become increasingly neutralist after Geneva. Thai's new leader was Army Chief General Sarit Thanarat, a foe of Phao Sriyanond and the police. Phao promptly fled to Switzerland, and Sea Supply, his source of American support, was closed down permanently. On the other hand, Sarit reaffirmed Thailand's commitment to SEATO and negotiated an understanding with the CIA:

> BPP and PARU would lose their autonomy, and the United States would no longer provide large amounts of lethal aid to the police, but the CIA's intelligence activities and Thailand-based regional operations would continue unimpeded. Indeed, at this time or soon afterward, the CIA, working partially through the Thai station, began its aid program for Sarit's cousin in Laos. Sarit and the CIA had found common ground.36

PARU was America's chief paramilitary resource in the region to subvert the Geneva Accords but not its only one. By early 1954 the NSC was also discussing plans for developing stay-behind guerrilla bands in Vietnam itself. By 1955, CIA officer Edward Lansdale was initiating attacks against North Vietnam, using Tai-speaking and other hill tribes involved in the drug traffic.37

How Was PARU Paid For? In Part by Drugs

According to Fineman, the "CIA paid the salaries of PARU, as well as BPP, troops."38 But his statement is sourced only to an assertion in 1957 by Phao's successor as police chief, Sawai Sawaisaenyakorn, discussed shortly. In fact the program's chief, Bill Lair, has admitted in his oral biography that by this time, PARU was receiving some of its funds by turning in opium seized from the KMT.39

By 1953 the CIA had already supplied $35 million worth of assistance to Phao's police.40 Did the CIA at this time also pay from its own unvouchered funds for the Phase II project the NSC had turned down? Or did it follow the NSC's prohibition against "US assets and resources" to the letter, drawing instead from other sources?41

One possibility (as Sterling and Peggy Seagrave have written) was that there was by the 1950s "a worldwide covert political action fund for covert operations," drawn from SS loot in Europe and Japanese hoards of stolen gold in Asia.42 The hypothesis is highly controversial and also plausible. As already noted, it is not questioned that in December 1947 the NSC created a Special Procedures Group "that, among other things, laundered over $10 million in captured Axis funds to influence the [Italian] election [of 1948]."43

It is not clear when this practice ceased. It is certain that for years, until 1972, the CIA liberally funded the Liberal Democratic Party in

Japan.44 Norbert Schlei, a distinguished attorney who was later severely penalized for his investigation of this matter, argued that the funding came from a secret "M fund,"45 and the existence of the M-fund was later corroborated by Chalmers Johnson:

> The M-Fund . . . was initially created from sales of confiscated Japanese military stockpiles of industrial diamonds, platinum, gold, and silver that had been plundered in occupied countries; the sales of shares of dissolved *zaibatsu companies*; and so-called GARIOA or "counterpart funds," which were accounts of nonconvertible yen derived from the sales in Japan of official American aid imports and authorized imports of such commodities as petroleum. All three funds were combined into one M-Fund when the occupation ended, and the fund was jointly operated by Americans and Japanese until the late 1950s, when it was turned over to the Japanese by then Vice President Nixon to then Prime Minister Kishi.46

A key figure in the administration of the M-fund was Yoshio Kodama, a jailed war criminal turned CIA asset whom we encountered earlier as a cofounder of the Asian People's Anti-Communist League: "Kodama formed an unholy trinity between the yakuza [Japanese mafia], the LDP [the ruling Liberal Democratic Party] and the United States forces of law and order with a host of ex war criminals hovering on the sidelines."47

The persecution and conviction of Schlei for his investigation of the M-fund can be seen as part of this narrative—as a sign or warning that behind the public face of the U.S. government are deep political processes that remain private and mysterious.48

Furthermore, the recycling of funds for political purposes may not have been confined to Japan. I myself heard from a former CIA officer that the CIA spent $20 million in futile support of two right-wing parties in the 1957 Indonesian election.

But eventually, as we know from Bill Lair's oral history, PARU was at least partially financed through the drug trade itself.49 In his oral interview, Lair described how his first PARU unit raided the opium depot of KMT remnant troops in northern Thailand and seized "a lot" of opium because under "Thai government regulations" they were entitled to retain a portion of the value of the opium they seized. "That's why we went up there in the first place."50 Whether or not he realized it, Lair described exactly the standard agreed procedure

> of police border patrols staging elaborate shootouts with the KMT smugglers near the Burma-Thailand frontier. Invariably the KMT guerrillas dropped the opium and fled, while the police heroes [the BPP, of which Lair was an officer, and PARU was a unit] brought the opium to Bangkok and collected a reward worth one-eighth the retail value.51

Lair added, "There was I think like 40 tons of opium—that's a big stash." (He then added further that there were "a lot of smaller operations."52) Forty tons was indeed a big stash: more than Burma's entire annual output before World War II and twice the annual opium

consumption in Thailand in 1949–1950; it probably represented from a fifth to a tenth of Burma's total annual output in the mid-1950s. The BPP reward for a staged seizure of twenty tons in the summer of 1955, "staged by Gen. Phao Sriyanond," was $1.2 million, or 15 percent of the total appraised value.53

Lair, who retired to Texas, seems never to have profited personally from the drug trade.54 One cannot be so sure about his brother-in-law Willis Bird, who was not in government service and who later helped establish the Thai Stock Exchange in 1961.55 Meanwhile, the drug traffic through Thailand made Phao Sriyanon, a CIA client, allegedly "one of the richest men in the world."56 (I was told in 2002 by a British expert that tons of Burmese heroin still exited secretly through Thailand.)

Thai Drug Money and U.S. Politics

Visibly there has been great resistance to the suggestion that drug money could have been used to lobby the U.S. Congress. The claim in a scholarly book about the 1950s China Lobby that "the narcotics business has been an important factor in the activities and permutations of the China Lobby" led to a swift recall of the book by the book's original publisher, Macmillan.57 This is only one of many examples of books that have been recalled, suppressed, or "privished" for venturing into this field.58

Fineman reveals that in the mid-1950s, after scandals had forced the revamping of the China Lobby,

> the private arm of the Thai Lobby had mustered its own resources. . . . Through Donovan, Bird, or his other CIA connections, Phao had, by that time, hired lawyer Paul Helliwell . . . as a lobbyist in addition to Donovan. Donovan [who received a reported $100,000 from the Thai government] and Helliwell divided the Congress between them, with Donovan assuming responsibility for the Republicans and Helliwell taking the Democrats.59

How did Helliwell, an influential Republican lawyer working full-time in Miami, "take" the Democrats? By consulting the Annual Reports on Registered Foreign Lobbyists, one learns that James Rowe, of the influential and CIA-linked Washington law firm Corcoran and Rowe, had received a single payment of $30,000 in one year as a registered foreign lobbyist for the Thai Consul in Miami. (Thomas Corcoran had been a key figure in the history of the airline Civil Air Transport [CAT], later known as Air America, which flew arms to the KMT drug camps in Burma.) And the Thai consul in Miami, it should come as no surprise, was Paul Helliwell.60

Because of Lair's revelations, we must look more narrowly at the public statement in 1957 from BPP Chief Sawai Sawaisaenyakorn, a

probable catspaw of the CIA, that the CIA paid the PARU and BPP salaries.61 What may well have been true after the NSC authorization of 1954 cannot be automatically extrapolated to the first unauthorized years of PARU. Meanwhile, Sawai's disclosure helped achieve the termination of Sea Supply and the transfer of PARU to support from the International Cooperation Administration (the predecessor of the Agency for International Development). The United States had been pushing for this change anyway to weaken its links to Phao and make the CIA connection to PARU less publicly conspicuous.62

But it would have violated decorum for Sawai in 1957 to have declared BPP and PARU to have been supported at any point by the illicit drug traffic. Nor should we expect Daniel Fineman's excellent book, written as a Yale dissertation, to have raised the question whether PARU, like BPP, had ever been financed by drugs. Here one has to contemplate the sociology of parapolitical research. To have asked in the 1990s whether the CIA might be using the drug traffic to *finance* its operations was not then a question often encountered in doctoral dissertations.63

Meanwhile, this confusion and reticence on the forbidden topic of drug-financed CIA-related operations has created what I long ago called a dark quadrant in American politics, a zone of silence about which one can gather only inferential clues from outside.64 The presence of this dark quadrant has slowly come to deprive us of more and more of our political history.65 And insofar as we are deprived of our history, our society ceases to be a democracy or even a republic.

The costs to the body politic are palpable. In this specific case it helps explain how a bureaucratic cabal, using Thailand as a base, was able over a decade to induce U.S. military engagement in Southeast Asia in advance of presidential authority or even knowledge.

By 1965, if not earlier, this engagement had produced the Vietnam War.

Pentagon, CIA, and PARU Prepare for War in Laos, 1958–1959

With the 1954 defeat of the French in Indochina, PARU began working with the Hmong and other hill tribes in northern Thailand, mindful that many of them were "seminomadic . . . roamed freely across . . . poorly defined borders . . . and often maintained close relations with kinsmen in neighboring countries."66 (It is relevant that Hmong had poured into Thailand's hill country from the north in order to grow opium, with the encouragement of Phao's BPP.67):

> The BPP, again with CIA funding and equipment, began establishing sometime after the summer of 1954 a permanent presence in hill-tribe villages in the north. Openly, the BPP set up schools and clinics and improved village infrastructure.

> Secretly, it armed and trained tribesmen in guerrilla warfare. The United States hoped eventually to deploy these roving tribesmen, with their ethnic connections in neighboring countries, in Laos. . . . The CIA devoted a large proportion—perhaps most—of its resources to the program.68

From a Thai perspective, this program was in part defensive. Most of the hill tribes, in particular the Hmong, had little respect for the borders dividing nations or the governments within them. But within four years, this had become a cross-border offensive operation, designed to challenge the neutralism of the new Laotian government under Souvanna Phouma.69

"Around 1958," writes Fineman, "the CIA, with Thai help, began forming an anticommunist army of Hmong hillsmen—the largest such group in Laos—under the command of Hmong leader Vang Pao."70 This was part of a determined CIA effort to oust the government of the Laotian king's neutralist nephew, Prince Souvanna Phouma, who had been elected premier in a landslide victory in 1951, returned to office in 1956, eventually ousted in 1958 by a series of U.S. interventions, and restored to office in 1960 by a U.S.-trained neutralist officer, Colonel Kong Le, with Soviet support.71

William M. Leary, the CIA-approved historian of this period in Laos, describes the CIA's efforts to circumvent Ambassador Horace Smith's support for Souvanna Phouma (and the 1956 Geneva Accords):

> Smith wanted to encourage the neutralist stance of Souvanna Phouma, a French-educated political leader, who headed a coalition government that included the Communist Pathet Lao. [CIA Station Chief Henry] Hecksher believed that the United States should provide covert financial assistance to anti-Communist and pro-American forces in the deeply divided country. With Washington indecisive, the CIA was able to ignore the ambassador and go its own way.72

But the CIA was not the only constituent in the U.S. war machine's preparations for war; it was acting in concert with elements in the Pentagon and two pro-KMT officers (Walter S. Robertson and J. Graham Parsons) in the Far Eastern Division of the State Department. Under Robertson's guidance, U.S. financial aid was channeled to build up the Laotian army in relation to the other aspects of Laotian government.73 Then, by withholding the monthly aid payment in June 1958, these elements were able to force Souvanna Phouma's resignation. His replacement, Phoui Sananikone, declared in February 1959 that Laos was no longer bound by the provisions of the Geneva Accords. Phoui recognized the KMT government in Taiwan and accepted a buildup of U.S. military aid, including nonuniformed advisers.

The Joint Chiefs of Staff had been pushing since September 1958 for introducing a Military Assistance Advisory Group into Laos.74 They promptly approved nine teams of U.S. Army Special Forces (Operation Monkhood) to arrive in Laos by threes on March 1, April 1, and May

1, 1959, all in civilian clothes.75 The CIA also responded, reconstituting its airline CAT in March 1959 as a completely CIA-controlled company and changing its name to Air America. Air America, for the first time, began to lease larger C-130 transports and prepared to train pilots for helicopters assigned to it from the U.S. Marines.76

The Pentagon's push for a Military Assistance Advisory Group to develop a military elite in Laos, though incongruous to anyone who has visited that peace-loving Buddhist country, was in keeping with the U.S. war machine's strategy at that time for developing the third world. In 1959 RAND sponsored a conference on "The Role of the Military in Underdeveloped Countries," attended by military officers from nations such as Brazil, Burma, and Indonesia. At this conference, CIA-linked US academics challenged the western "bias" against "militaristic societies," and urged officer corps to play a more active political role. The following remarks by Professor Lucian Pye of MIT were far from the most extreme:

> Military leaders are often far less suspicious of the West than civilian leaders because they themselves are more emotionally secure. . . . [M]ilitary rule itself can become sterile if it does not lead to an interest in total national development. . . . This leads us to the conclusion that the military in the underdeveloped countries can make a major contribution to strengthening essentially administrative functions.77

Within six years, military officers of Burma, Brazil, and Indonesia (some of whom had attended the RAND Conference) staged successful military coups in their home countries. As we shall see, by the end of 1960 the Pentagon and CIA had induced a military coup in Laos as well.

Emboldened by the U.S. buildup, Phoui in May ordered the Pathet Lao forces to submit to the discipline of the Royal Laotian Army (RLA). One battalion instead defected and withdrew to the northeastern region near the North Vietnamese border. There in mid-July it set about ousting the RLA from its isolated outposts. Thus were fired the first shots of what would become the Second Indochina War.78 But not many shots were needed: the small RLA garrisons "were only too ready to retreat to safer surroundings."79 Historians agree that these events in July and August 1959 were local and did not involve North Vietnam. According to Martin Stuart-Fox, "not until September 1959 . . . did the DRV [North Vietnam] activate a new support group . . . to arm and supply a renewed Pathet Lao insurgency."80

Yet in August 1959, Laotian officials were complaining about "the participation of North Vietnamese troops" and that Chinese communist troops "were actively patrolling the frontier."81 Ambassador Smith cabled the State Department on August 9 that the

Laotian claims were "manifestly exaggerated" and specified that the active participation of North Vietnamese troops "has not been proven."82 But Allen Dulles on August 6 told the NSC that "the fight against Laos had been inspired by the Communist powers, and undoubtedly had been discussed while Ho Chi Minh, the President of North Vietnam, was in Moscow." He proposed that the NSC consider the use of free-world volunteers and pointed out that "Thailand as well as South Vietnam had good soldiers who would make effective volunteers."83 This bid for using PARU in Laos failed to win Ike's support at this time.

Matters changed on August 30, when according to Bernard Fall there was a "resumption of heavy localized attacks against Lao Army posts" in northeastern Sam Neua province. Again the Laotian army blamed the attacks on North Vietnam. Western press dispatches bore such news as "Viet-Minh [North Vietnamese] troops advanced to within 13 miles of Sam Neua City (UPI), . . . while on September 5, an editorial of the *Washington Post*, citing the "splendid, on the spot reporting" of its columnist Joseph Alsop, spoke of a "full-scale, artillery-backed invasion from Communist North Viet-Nam."

"All this," commented Fall, "was just so much nonsense."84 More precisely, it was the result of a deception staged in Sam Neua for Alsop's benefit by two client generals in the Laotian army, one of them army chief Ouane Rattikone. Alsop was introduced to "four 'scrawny, wiry little villagers,' one of whom had a 'severe leg wound.'" Allegedly they had just trekked through forty-five miles of jungle in the monsoon season, when in fact it would have been difficult to travel more than ten.85 The motives of the generals were probably simple enough: to preserve the flow of U.S. aid dollars for their padded troop payrolls after a recent congressional report had noted the graft surrounding the program.86 But the timely arrival of Joseph Alsop suggests that some in Washington wished to use a false Laotian crisis to promote their own deeper agenda.

Alsop had been a Washington insider ever since his days of influence with Franklin Roosevelt, his distant cousin. At Harvard he joined the aristocratic Porcellian "gentleman's club," the club that had also accepted his great-uncle Theodore Roosevelt, but had rejected Alsop's cousin FDR.87 He was later a member of New York's elite Brook Club, along with men like Henry Luce, Desmond Fitzgerald, and Walter Robertson. In World War II he had served as a naval intelligence officer and in that capacity had been assigned to the Flying Tigers of General Chennault. Although technically an aide to Chennault, he was, in fact, along with his friend Thomas Corcoran, a direct intermediary between Chennault and FDR.

In 1949, Alsop endorsed and publicized Chennault's unpopular plan for using airpower to help Chiang survive on the mainland.88 In

response to the French crisis at Dienbienphu in 1954, Alsop "advocated American air support, the deployment of American troops, or even the use of tactical atomic bombs."89 Alsop was also a longtime personal friend and supporter of Department of Defense, OPC, and CIA figures like George Forrestal, Allen Dulles, and particularly ex-OPC Chief Frank Wisner, as well as Wisner's close friends Philip and Katharine Graham of the *Washington Post*.90 Thus, it is not surprising that Alsop's scare column in 1959 helped implement the CIA's plans to initiate air support for the Laotian army from Chennault's old airline, now reconstituted as Air America.91

The falsity of the Laotian nonsense exploited by Alsop was amply exposed in the 1960s by astute observers like Bernard Fall (a Frenchman) and Denis Warner (an Australian).92 And yet historians like William Leary still allege that the steps taken in 1959 by the CIA was in *response* to the fighting that summer:

> The quiet in Laos changed dramatically in the summer of 1959 when fighting broke out between the Pathet Lao and the Royal government. . . . The United States answered a request for assistance and dispatched Special Forces teams (later known as White Star) to train the Royal Lao Army. At the same time, the CIA increased its logistical support to the army by using the transports of Air America, an airline that it secretly owned.93

In fact, the first two planes from Air America (as CAT had been renamed in March 1959) had arrived in Vientiane by August 23, one week *before* Alsop's alleged "massive new attack."94

Pentagon, CIA, and PARU Begin a War in Laos, 1960

Backed by Allen Dulles in Washington and a U.S.-promoted coalition of colonels, the Committee for the Defense of National Interests (CDNI) in Laos, Phoumi interfered more and more energetically in Laotian politics. On December 23, 1959, at an NSC meeting, Dulles "noted that in Laos drastic changes in the government will be required if the Pathet Lao is to be restrained."95 The very next day Phoumi deployed troops through the political capital of Vientiane, forced the prime minister to resign, and would probably have seized power himself had Western ambassadors not "made it known to the King . . . that they were opposed to a military government."96

The following April, CIA officers, distributing bagfuls of money to village headmen, helped rig a blatantly fraudulent parliamentary election in favor of the CDNI.97 Appalled by the corruption, in August 1960 a U.S.-trained army colonel, Kong Le, restored Souvanna Phouma to power, and the Laotian Assembly ratified Souvanna's new government. This government was then officially recognized by the U.S. government but not by the Pentagon and the CIA, that is, the war

machine. Souvanna Phouma was also opposed by Ngo Dinh Diem in South Vietnam and Sarit Thanarat in Thailand (who was related to Phoumi), and Sarit imposed a total trade embargo on Vientiane.

The Pentagon and the CIA, having lost control of the Laotian political process, began preparing for a military coup to displace Souvanna Phouma a second time and to install Phoumi Nosavan in his place. By September 1960 the planes of Air America were supplying Phoumi's rebel base from Thailand to Savannakhet on the Thai border, bringing supplies for "two hundred Lao paratroops who had just completed training in Thailand."98 In the same month U.S. military supplies were cut off for Kong Le's forces, "while the monthly cash-grant to pay government and military supplies was suspended" for a month.99

In December 1960, Phoumi's PARU-trained troops, "led by US Special Forces officers," moved north from Savannakhet toward Vientiane.100 After a two-week delay, they fought their way into Vientiane, where "as many as 500 people lost their lives."101 According to Roger Warner, the PARU-trained troops were central in this military push; in addition, "PARU communications and medical technicians, working with U.S. Army advisors, played an important part in Phoumi's capture of Vientiane."102

Here is Leary's account of these developments, including the reaction in Washington:

> Heavy fighting took place in December, when Phoumi's troops reached the capital. [Leary does not mention that these were the CIA's foreign-backed insurgents, attacking a government recognized by the United States.] By the end of the year, Kong Le—who was now receiving support from a Soviet airlift—had retreated to the Plaine des Jarres. . . . "If we lose Laos," [Arleigh Burke, Chief of Naval Operations] told the Joint Chiefs on 31 December, "we will probably lose Thailand and the rest of Southeast Asia." [Burke predicted that the effects of this loss would be felt worldwide.] President Dwight D. Eisenhower, in his last days in office, rejected direct military intervention. The administration, however, did approve a recommendation from the CIA that had been endorsed by Admiral Felt and State Department officials to arm and train Hmong tribesmen in northern Laos. In January 1961, CIA paramilitary specialist James W. "Bill" Lair met with Hmong leader Vang Pao. He found Vang Pao eager to obtain modern arms and training for the Hmong. . . . As the CIA wanted to maintain a low profile in Laos, Lair arranged to have the Thai Border Police train the first 1,000 Hmong recruits.103

This is the PARU training program of Hmong that, according to Fineman, had actually begun two years earlier, in 1958.

All accounts agree that in December 1960, Bill Lair and CIA Far Eastern Chief Desmond FitzGerald arrived in Vientiane, on separate flights, "while smoke was still billowing."104 In a fortnight Lair and his Thai PARU commander had made direct contact with the Hmong leader Vang Pao, of whom Lair had first heard in Thailand.105

Thus began the Laotian phase of what was called Operation Momentum, the CIA program for training and arming Vang Pao's

Hmong against the North Vietnamese.106 Ninety-nine PARU paratroopers in Laos trained the Hmong and in the early 1960s fought alongside them.107 It was from this entrée that Lair became "founder and leader of a thirty-thousand-man army" for the CIA.108

The CIA's aim, as an officer explained in 1961 to *Time* magazine, "was to 'polarize' the communist and anti-communist factions in Laos."109 By 1960 this destabilization campaign had led the CIA, using PARU troops, into war in Laos. This was a unilaterally initiated campaign, against the advice of U.S. Ambassador Winthrop Brown in Vientiane. It also marked the first resumption of warfare in Indochina since the Geneva Accords of 1954, with the initiative taken by the CIA, PARU, and their proxies.

Although ostensibly intended to counter the influence of the North Vietnamese in Laos, the CIA's campaign predictably had the opposite result. "The political effect of the Battle of [Vientiane] was to force [Kong Le's] neutralists into the waiting arms of the Pathet Lao."110 The North Vietnamese gave more and more support to the Pathet Lao forces, composed principally of troops from the country's Tai-speaking Lao Loum majority, and increasingly entered the conflict itself.

McCoy has shown how the CIA and Air America facilitated the traditional Hmong opium harvests by supplying both rice and air transportation. To maintain Vang Pao's loyalty and help pay for his troops, they transported "the tribe's cash crop" of opium (and later heroin).111 But McCoy does not mention the extent to which the partially drug-supported program of Operation Momentum was an extension of the original Sea Supply support program for the opium-smuggling Thai BPP.

Although supported by a high-level cabal including C. D. Jackson, Donovan, Dulles, and Fitzgerald, some of the CIA men on the ground were also close to the original Helliwell–Willis Bird clique. Bill Lair, though unlike Bird a bona fide CIA operative, had come to Thailand under cover of Sea Supply.112 Lair also became Bird's brother-in-law after both men married sisters of the Anglo-Thai OSS veteran Sitthi Savetsila.113 Phao, "who knew Lair worked for the CIA, accepted [the PARU program] on the condition that Lair also become an aboveground, legitimate officer in the Thai police."114 (The word "legitimate" obscures the fact that the BPP, including perhaps PARU, was being used at the time by Phao "to build a virtual monopoly on Burmese opium exports."115)

Bangkok CAT Chief William Bird, said to be Willis Bird's relative,116 received the CIA contract to construct landing strips for the Hmong villages. He also acquired a fleet of fifty aircraft to fly supplies to the Hmong, until in 1965 he sold his airline for about $1 million to Continental Air Services (headed by Robert Rousselot, the CAT pilot who had flown Sea Supply arms to the KMT in Chiang

Mai).117

Willis Bird himself was awarded U.S. aid contracts for construction in Laos and indeed was eventually accused of bribes and nonperformance in a 1959 congressional report.118 Three years later, as Kennedy struggled to disengage from Laos, Bird was indicted by Bobby Kennedy's Justice Department.119

KMT Troops Join CIA and PARU in Laos, 1959–1961

From as early as March 1959 (the month when CAT in Taiwan was renamed Air America), some of the KMT troops in Burma moved into Laos, where they were supplied by what Bernard Fall described as "an airlift of 'unknown planes.'"120 The KMT would help establish a CIA presence in western Laos to complement that of the Hmong in the east. That the planes were in fact Air America's was confirmed when a supply plane was shot down by the Thai air force in 1961, and responsibility for the flight was accepted by a group in Taiwan affiliated with the Asian People's Anti-Communist League.121

Starting in 1958, the KMT in Taiwan had been sending fresh arms and troops to Burma, inspired by reports of widespread starvation in China, as a consequence of the ill-considered Great Leap Forward of 1958–1962. In Kaufman's words, "Reports of China's difficulties led Chiang [Kai-shek] to believe that the time was ripe for an attack."122 But the renewed KMT incursions into Yunnan instead moved Beijing to launch a decisive counterattack. In January 1961 the Burmese army, assisted by the much more powerful mainland Chinese People's Liberation Army, finally evicted the remnants of the KMT from their Burmese headquarters. In their effort to impose government order on the wild Shan frontier, the Burmese and Chinese were responding to the renewed KMT provocations.

After overrunning the KMT base in Mong Pa Liao, the Burmese displayed freshly dated cartons of ammunition that had been shipped through Travis Air Force Base near San Francisco. The resulting publicity determined incoming President Kennedy and his new secretary of state, Dean Rusk, to dismantle the embarrassing KMT presence in Burma. However, the U.S. ambassador in Taipei, Everett Drumright, who tended to sympathize with Chiang, softened the full tenor of Kennedy's pressures on Taiwan to do so.123

About 1,000 KMT troops retreated south with Generals Li Wenhuan and Duan Xiwen into northern Thailand. A larger force of at least 2,000 to 3,000 crossed the Mekong into Laos, establishing themselves at Nam Tha.124 Under pressure from Kennedy in Washington, Taiwan cut back support for the so-called Third and Fifth KMT Armies in

Thailand.125 But it organized a new Special Battalion 111 ["Bataillon Spécial 111"], adding to those in Nam Tha new recruits from anticommunist ex–prisoners of war (POWs) in the Korean War126

> Commanded by the highly competent Li Teng, it was manned mainly by ex-POWs from the Korean War. The allied forces had captured more than 20,000 Chinese PLA troops from the human-waves of young conscripts which the Communists had sent down across the 38th parallel. More than two-thirds of the Chinese POWs were violently opposed to the idea of returning to their communist homeland, and after careful vetting by Taiwanese intelligence agents, a fair number of them were resettled on the Nationalist Chinese island. The most trustworthy were given special training and had slogans like "Death to Communism!" Tattooed on their arms to prevent defection. They were sent to the Chinese frontier in northern Laos, where they remained for years as the most secretive of all the mercenary groups that were deployed there during the so-called "Secret War."127

Kennedy and Rusk, with only recalcitrant support from men like Ambassador Drumright, were sincere in their efforts to terminate the embarrassing KMT presence in the region.128 However, "within months, the CIA began hiring these disowned KMT remnants as mercenaries for its secret operations in northwestern Laos."129 Thus, the KMT control of the Burmese opium trade had not ended but was now run instead out of Thailand and Laos. (And in 1962, with the coup d'état against U Nu in Rangoon, the KMT reentered Burma.130 It has in fact been estimated that the KMT, through isolated outposts, continued to dominate as much as one-third of the Shan State, or 20,000 square miles.131)

Summarizing a CIA document, Lintner writes that "four or five hundred KMT troops were said to have been recruited by the Laotian army to patrol the area between Luang Prabang and Ban Houei Sai—and the government in Vientiane was attempting to enlist more to garrison Nam Tha province further to the north."132

Although Lintner fails to make this clear, the "Laotian army" here referred to was the CIA-backed insurgent army of Phoumi Nosavan, whose backbone was the PARU force loyal to Bill Lair. Just one month earlier, in December 1960, the CIA, its Thai PARU units, and the Pentagon (with active but futile opposition from the U.S. ambassador) had installed this so-called government in Vientiane. This was in fact the armed insurrection of the CIA's client, Phoumi Nosavan, in a military revolt against the constitutional and neutralist government of Souvanna Phouma.133

In 1962, the KMT troops in Nam Tha province, which had been built up in 1961 against U.S. advice, provoked a major international crisis. Repeating the KMT performance of a decade earlier, they first probed into enemy territory; then, after the first retaliatory shots, they withdrew precipitously to Thailand.134

During this crisis, CIA financial support for the KMT troops in Nam Tha became a contested issue. President Kennedy tried vainly to

remove the troops by stopping the payments, but some unknown power continued them.135 The *London Times* suggested that the CIA itself was the source, but the funds may have come from other U.S. clients—perhaps Taiwan or Phoumi's cousin Sarit Thanarat in Thailand—or from the drug traffic.136

Kennedy achieved a peace of sorts in Laos with the 1962 Geneva Agreements. But he did so at a momentous price: by allowing the Pentagon to put 4,000 U.S. ground troops into Thailand (the first such troops on the Asian mainland) and agreeing to similar compensatory buildups in Vietnam.137 In short order, these troop movements would embroil the United States in the Vietnam War.138

There was energetic support in the CIA and the Pentagon for Phoumi's and the KMT's defiant provocations in Laos. One motive may have been support for Thailand's anxieties about a communist Laos and especially about the so-called Red Hmong on both sides of its common border. Another local explanation may have been an American desire, like the earlier French desire, to ensure that the valuable Laotian opium harvest did not fall into the hands of the newly activated Vietcong.

But the easiest explanation, as I have written elsewhere, is that there continued to be high-level support for Chennault's vision of a U.S.-supported KMT reinvasion of South China, as first authorized by Truman back in 1951. As we have seen, this dream was intensified by reports of widespread starvation in China as a consequence of the ill-considered Great Leap Forward.139 Both Eisenhower and Kennedy were unwilling to provide assistance, but some in the CIA, the State Department, and the Pentagon, notably Desmond Fitzgerald, felt differently.

PARU—and the Hmong it trained under Vang Pao—continued to play a central role in the CIA's war in Laos. When CIA Far East Chief Colby visited Laos in 1967, he learned that the Hmong were accounting for more than 400 dead Pathet Lao per month as well as contributing intelligence for air strikes killing twice that number. "By contrast, the royal Laotian army accounted for a mere seventy battle deaths per month."140 Increasingly, Vang Pao's Hmong, enhanced by Thai Hmong replacements as their casualty rates increased, were integrated into the activities of the RLA.141

But PARU troops were also dispatched to a new guerrilla base, Nam Yu, in northwestern Laos to work with Yao and Lahu guerrillas under a CIA officer, William Young, who had been recruited by Lair.142 As we shall see, the Nam Yu base was destined to become by 1966 a focus of serious drug charges reaching the Federal Bureau of Narcotics in Bangkok.143

There was a difference between the CIA's performance with CAT in 1949 (which was concealed only from the public) and in Laos a decade later (which was largely concealed from President Eisenhower). The OPC's covert plan to subsidize CAT was cleared after consultations with the State Department and funded by an emergency vote in Congress that was approved by the president.144

In the late 1950s the top CIA and Pentagon leadership plotted not so much with President Eisenhower as against him.145 The advice he was given was often either belated or deliberately misleading. For example, in December 1959, President Eisenhower was notified of Phoumi Nosavan's imminent right-wing coup in Laos. Although this coup had in fact been fomented by the CIA, Eisenhower was assured in a CIA memo that "throughout this matter the U.S. has been making every effort to stand aside."146 In fact, it was only Ambassador Smith (who had strongly opposed the CIA coup) who on December 22 had been told to "step aside."147

Ten months later, on October 11, 1960, Eisenhower was notified that supplies "will be flown in to the non-Communist area in the North," that is, Vang Pao's Hmong.148 In fact, Air America flights to Vang Pao (thus cementing his alliance to the CIA and Phoumi) had already begun on October 5.149

As I have described in detail elsewhere, key decisions in escalating U.S. support for Phoumi were belatedly approved by Eisenhower at artificially contrived times when he was in isolation—on holiday in Scotland, at the Augusta National golf course, or in the hospital.150 The effect of the last decision in December 1960—to supply U.S. aircraft in support of Phoumi—finally ratified what Air America had been doing covertly in Laos for more than a year.151

This had the same result as the contemporary decision to approve plans for a military invasion of Cuba at the Bay of Pigs: to limit and postpone Kennedy's ability to respond to Khrushchev's proposals for détente.152 Significantly, the old Chennault backers Helliwell and Pawley were both involved in the Bay of Pigs preparations.153

The CIA was even more actively opposed to Kennedy's stated intentions in Cuba and Laos. By 1961–1962, as we have already noted, the CIA was actively opposing President Kennedy's attempts to defuse the growing confrontation with China in Laos. An example of collusive CIA opposition to Kennedy's policies was the CIA's role in planting a dishonest article by Charles Murphy about Cuba and Laos in *Fortune* magazine, for which the CIA had the gall to seek an official State Department clearance.154

The Willis Bird cabal had also helped to install a narcoregime in Laos. Their protégé, the drug-trafficking CIA client Phoumi Nosavan,

for the first time directly involved his army in the opium traffic "as an alternative source of income for his [Laotian] army and government. . . . This decision ultimately led to the growth of northwest Laos as one of the largest heroin-producing centers in the world" in the late 1960s.155 Conversely, when the United States withdrew from Laos in the 1970s, opium production there eventually plummeted, from 200 tons in 1975 to 30 tons in 1984.156

Back in America in the early 1960s, Paul Helliwell, mastermind of the CIA's involvement with CAT and Sea Supply, further involved himself and the CIA with Lansky and money laundering. In 1965 he helped launch the Castle Bank in the Bahamas, which rapidly collected deposits from the CIA, organized crime, and KMT figures like Chiang Kai-shek's daughter.157 Although I have yet to see proof of the frequent charge that Castle Bank was set up to launder drug profits, there can be no doubt that Helliwell and Pawley intensified the CIA's mob connections in the Bahamas in the 1960s at just the time that the Bird cabal intensified the direct involvement of the CIA with drug trafficking in Laos.

With the benefit of hindsight, we can say that the initial strengthening of off-the-books assets for a clique in a little-known and little-controlled covert aspect of U.S. government—the OPC—was also a weakening of the integral health of the constitutional polity of the United States and a transition from an American *defense* establishment to an *offensive* American war machine. Put differently, we can say that institutions appropriate for the unsupervised management of an empire were beginning to expand, even to metastasize, at the expense of democratic domestic government.

We shall see that with the passage of time, the problem of off-the-books assets became more and more relevant to the conduct of covert U.S. foreign policy, with more and more disastrous consequences for the well-being of the domestic United States. Drugs, furthermore, continue to play a dominant role in the financing of these assets. Reckless support for drug-financed off-the-books assets in Afghanistan in the 1980s was a major factor in the rise of the al-Qaeda menace that America has faced ever since.158

The same reckless support has created more than 5 million heroin addicts in Pakistan and a million in Afghanistan, two countries that back in 1979 were relatively free of heroin addiction.159

Policymaking by Cliques: Long-Term Consequences for Thailand

The CIA-supported KMT drug armies in Burma had an analogous negative impact on Thai democracy as well. The covert reality of the drug trade through Thailand subjected Thai politics to a succession of

military strongmen from Thailand's drug-trafficking Northern Army—from Phao Sriyanon (1947–1957) and Sarit Thanarat (1957–1963) to Kriangsak Chamanan (1976–1980). These men rose to power with significant support, initially from Helliwell and Bird and later from the CIA.160 And when, after the end of the Vietnam War, this type of support declined in the 1970s, their influence likewise declined.

The strongmen all shared a background of service in the Thai Northern Army. Back in 1943, when it still occupied the opium-growing Shan states taken from Burma, this army had made contact with the KMT armies to create the postwar KMT–Thai drug connection.161 Despite the rivalries between some of these generals—notably Phao and Sarit—this small clique's shared dependence on Northern Army exploitation of the underlying drug traffic qualifies them as a cabal.

With the gradual disappearance of Chinese and Iranian opium from the world market in the early 1950s, the KMT radically increased annual production in the Shan states of Burma, from less than 80 tons after World War II to an estimated 300 to 400 tons by 1962.162 Most of this reached the world via the Thai border police and Bangkok: "In 1954, British customs in Singapore stated that Bangkok had become a major center for international trafficking in Southeast Asia. . . . By 1955 the Thai police under General Pao Sriyanonda had become the largest opium-trafficking syndicate in Thailand, and were involved in every phase of the narcotics traffic."163

The emerging conflict between the police under Phao and the army under Sarit was in part a struggle over the considerable profits from this traffic.164 American military interest in the new SEATO led to increasing U.S. support for Sarit and his Thai army and concomitant exposures of Phao in the U.S. press as a drug trafficker. After meeting with Dulles and Eisenhower in Washington, Sarit consolidated his power with the second of two swift coups, suspending the constitution, and abolishing all political parties. But the CIA connection continued.165

The generals' connections to the drug traffic helped to make all of them wealthy. It also gave them access to off-the-books assets in their fight against communists and their allies. When in 1961 the KMT armies were finally expelled by Burma with Chinese help, the troops of Generals Li Wenhuan and Duan Xiwen were allowed by Sarit to reestablish themselves inside the Thai border at Tam Ngob and Mae Salong. In exchange for their freedom to continue their drug trafficking, the two KMT armies (the Third and Fifth KMT) supplied protection to Thailand against Burma and helped to suppress an indigenous insurrectionary movement in the northern part of the country.166 In 1972 the two generals and their armies were officially incorporated into the Thai defense system and "placed directly under

the control of the Supreme Command in Bangkok."167 Their opium dealing continued.

5
Laos

Financing a War by Drugs

The CIA's Involvement in the Laotian Drug Traffic

IT IS STILL QUITE COMMON FOR MAINSTREAM HISTORIES, like Tim Weiner's *Legacy of Ashes*, to describe in some detail the CIA's involvement in Laos and with Vang Pao without ever mentioning the topic of opium or the drug traffic.1 However, in 1972, Alfred McCoy's monumental book, *The Politics of Heroin in Southeast Asia*, broke the silence. McCoy revealed that the Hmong villages under Vang Pao grew cash crops of opium for export out of Air America landing sites; that the CIA's client in Laos, Phoumi Nosavan, had used the opium traffic to fund his army and government; and that the military successor to Phoumi, General Ouane Rattikone, both headed the Laotian army and chaired the semiofficial Laotian Opium Administration, importing opium from a CIA employee and Shan leader in Burma.2

Summarizing his findings in Laos and elsewhere, McCoy made a strong case for CIA complicity in the drug traffic that was judicious, if anything understated, yet at the time sensational:

> American diplomats and secret agents have been involved in the narcotics traffic at three levels: (1) coincidental complicity by allying with groups actively engaged in the drug traffic; (2) abetting the traffic by covering up for known heroin traffickers and condoning their involvement; (3) and active engagement in the transport of opium and heroin. It is ironic, to say the least, that America's heroin plague is of its own making. . . . American involvement had gone far beyond coincidental complicity; embassies had covered up involvement by client governments, CIA contract airlines had carried opium, and individual CIA agents had winked at the opium traffic. As an indirect consequence of American involvement in the Golden Triangle until 1972, opium production steadily increased.3

At the same time McCoy judged that, "unlike some intelligence agencies, the CIA did not use the drug traffic to finance its covert operations."4 He thus took issue with observers like Burton Hersh, who have written that the Kuomintang (KMT) army assembled under Li Mi "developed over time into an important commercial asset for the CIA."5 I shall argue in this chapter that, although we know of no formal financial relationship between the CIA and traffickers like the KMT, the CIA did use influence and, if necessary, military force to direct drug proceeds into support of its own operations.

McCoy's judgments have stood up well despite almost forty years of official semidenials. Today some would say that he was too circumspect rather than too rash in his charges. Even in the first

edition of his book, his discussion of what he called in 1972 "a mysterious Bangkok-based American company named Sea Supply Corporation" indicated that the CIA did not only cover up for known drug traffickers but also enabled and fostered their drug trafficking.6

More recently McCoy himself has stressed that the CIA did not only ally itself with and protect traffickers but also recruited and strengthened them:

> The CIA recruited as allies people we now call drug lords for their operation against communist China in northeastern Burma in 1950, then from 1965 to 1975 (during the Vietnam war) their operation in northern Laos and throughout the decade of the 1980's, the Afghan operation against Soviet forces in Afghanistan. Powerful, upland political figures control the socie-
> ties and economies in these regions and part of that panoply of power is the opium trade. *The CIA extended the mantle of their alliance to these drug lords and in every case the drug lords used it to expand a small local trade in opium into a major source of supply for the world markets and the United States*. While they were allied with the United States these drug lords were absolutely immune to any kind of investigation. If you're involved in any kind of illicit commodity trade, organized crime activity like drug trafficking, there is only one requisite for success, immunity, and the CIA gave them that. As long as they were allied with the CIA, the local police and then the DEA stayed away from the drug lords.7

Since 1972, additional evidence has come from new books, demonstrating that CIA officers had done more than "wink" at the traffic. In 1987, James Mills, after interviewing disgruntled Drug Enforcement Administration (DEA) and Customs officers, showed that CIA officers were intimately involved with traffickers "around the world," obstructing DEA investigations and lying about this:

> The tracks are everywhere. The dapper, aristocratic Mr. Lung—02 to his American government contacts—speaks laughingly of CIA-supported Thais helicoptering up the mountains to collect their "goodies" from CIA client Chang Chi-fu [Khun Sa], the world's foremost opium dealer. Chang's heroin-dealing colleague, Chinese General Li Wen-huan, is known to be a CIA dependent. The CIA terminates Operation Durian, a DEA assault against [Teochew] Lu Hsu-shui, whose wife happens to be a cousin of Poonsiri Chanyasak, the Communist Lao government's "minister of heroin," and who himself turns out today to be associated with a representative of Communist Chinese intelligence. . . . Alberto Sicilia-Falcon, a major marijuana-heroin-cocaine dealer also suspected of employment by the CIA . . . is rescued by a high Mexican official the CIA later identifies as its "most important source in Mexico and Central America" [Miguel Nazar Haro]. In Panama the CIA inhibits a DEA intelligence operation, and blocks a Washington meeting between Panama's drug-dealing leader and DEA bosses.8

The complaints of Federal Bureau of Narcotics (FBN), DEA, and Customs officials are now further endorsed and expanded on by Douglas Valentine in his new second volume on the history of postwar U.S. drug enforcement: *The Strength of the Pack*. Valentine reports a former FBN agent's claim that he actually busted Vang Pao in Vientiane with 50 kilograms of morphine base and that when the CIA found out, it returned the dope to Vang Pao and threw the FBN agent out of the country.9

Reflecting the impressions of his FBN informants, Valentine also reports as fact allegations that "the CIA was flying heroin out of Xeno" (Seno, an airfield near Pakse in southern Laos).10 However, Valentine himself corroborates the statement by Alfred McCoy that the opium passing through Pakse and Seno was handled by diverse traffickers, ranging from the Vietnamese air force to Corsican entrepreneurs.11 Some of these traffickers (e.g., Nguyen Cao Ky, head of the Vietnamese air force) were CIA clients; others, such as the Corsicans, perhaps were not.

Valentine writes that the KMT base at Nam Yu in western Laos, "which provided the bulk of narcotics in the Far East, was a protected CIA operation."12 Other sources describe Nam Yu (or Nam Lieu) as Lima Site 118A, the forward base for northwestern Laos in the CIA's overall air support operation known as Project Sky.13 The first chief of base there, William Young, opened the base to serve "as CIA headquarters for cross-border intelligence forays deep into southern China."14 His eventual replacement, Tony Poe (Anthony Poshepny, a veteran of Sea Supply in Bangkok), also trained tribal warriors and sent intelligence teams into China.15 The easiest way to infiltrate teams on the ground was to insert agents into the KMT's regular drug caravans traveling up the traditional opium routes.

Citing both Tony Poe and an FBN memorandum of 1966, Valentine claims that massive amounts of opium left Nam Yu for Hong Kong, via sophisticated air drops of oil drums in the Gulf of Siam:

> Poe . . . made sure that the CIA's share of opium was delivered from Nam Yu to the nearby airfield of Ban Houei Sai.16 . . . As Poe told the author, the opium was packed in oil drums, loaded on C-47s piloted by Taiwanese mercenaries and flown to the Gulf of Siam, then dropped into the sea and picked up by accomplices in sampans waiting at specified coordinates. The opium was ferried to Hong Kong, made into heroin by Chinese chemists, and sold through established brokers to the CIA's Mafia partners from OSS [Office of Strategic Services] days. Most of Poe's account was confirmed by CIA officer Don Wittaker at a January 1966 meeting with FBN Agent Al Habib in Vientiane. The FBN knew what the CIA was doing. Wittaker's boss, James Lilley—whom President Bush appointed ambassador to China in 1989—knew all this too, and more.17

Valentine's charge that the CIA had a share of the opium is vigorously contested by most observers and relies on the alienated and unreliable reminiscences of Tony Poe. But the claim of sophisticated oil drops, confirmed by Roger Warner in *Shooting at the Moon*, would indicate that the Laotian drug traffic was organized by experienced international traffickers, not by amateurs like either Vang Pao or the Laotian air force.18

The most obvious candidates would be the Corsicans, who for years had been flying small planes into the drug regions of Laos (including Ban Houei Sai). Back in 1962 a pilot for the Corsican airline Air Laos Commerciale had been arrested and briefly detained in Thailand after he had dropped into the ocean south of Cambodia "twenty-nine watertight tin crates, each packed with 20 kilos of raw opium and wrapped in a buoyant life belt." The airline's owner, Bonaventure Francisci, "was allied with the powerful Guerini syndicate in Marseille" (whose thugs, as noted earlier, helped Irving Brown clear the Marseille docks of communists).19

We should contemplate this important possibility when we hear the charges in 2010 that skilled international traffickers, not Afghans, control the massive export of drugs out of Afghanistan. As to who these international traffickers in Laos could have been, there are two obvious possibilities. The first is the KMT element in Taiwan who in 1961 dispatched Ma Jingguo to head the First Independent Unit in Laos. Ma's base in Vingngün, Laos,

> was led by Col. Sao Tuen-sung (Sao Duansong), a high-ranking intelligence operative. His three main assistants were three enterprising brothers who had fled Yunnan shortly after the Communist takeover in 1949: Wei Xuelong, Wei Xuekang and Wei Xueyin. Popularly known as the "Wei brothers," they were engaged in both espionage and opium trading.20

According to McCoy, Wei Xuekang (a former KMT-CIA operative) became one of the four biggest traffickers in the region (the others being Li Wenhuan, Lo Hsing Han, and Khun Sa) who rose "to extraordinary wealth by expanding opium output."21

Even bigger were Ma Sik-yu, a Teochew Triad member in Hong Kong, and his brothers. In 1967, Ma Sik-yu

> travelled to the Golden Triangle to set up a purchasing agreement with Kuomintang general Li Wen-huan. . . . Yet it was in Laos that the Mas made one of their most valuable alliances, striking a supply agreement with General Ouane Rattikone, head of the Laotian Army from 1965-71 and mastermind of a narcotics ring with agents in Bangkok, Saigon and Hong Kong. . . . Whether or not the Mas met Trafficante [who visited Hong Kong in 1968] is unknown. However, Hong Kong police sources believe, with hindsight, that they probably did for, shortly afterwards, a courier network of Filipino drug runners started trafficking heroin to the USA via Chile, Paraguay and the Caribbean.22

(Eventually, Ma Sik-yu fled in 1977 to Taiwan, where he remained, "protected by KMT intelligence." His brother, Ma Sik-chun, and his nephew then jumped a U.S.$200,000 bail each and fled as well.23 From Taiwan, Ma Sik-chun parlayed the family drug business into a media empire, including the *Shijie Ribao* or *World Daily*, the largest Chinese newspaper in America. In 1998 the family-owned *Oriental Daily News*, Hong Kong's largest Chinese-language daily, reported that four years earlier Ma Sik-chun had donated 1 million pounds to

Britain's Conservative Party. Three months later Ma Ching-kwan was invited to dine with Mr. Major at Downing Street.24)

The other international presence was American. The French researcher Alain Labrousse has written how Americans in Bangkok, including veterans of the war in Laos, continued after the war to traffic in Laotian opium, in conjunction with Corsicans, residual Hmong elements in Laos, and Chinese.25 Many of these traffickers were not amateurs either. Among them was the ex-GI Leslie Atkinson, who with his stateside cousin-in-law Frank Lucas developed a sophisticated network for "moving heroin shipments almost exclusively on military planes routed to Eastern Seaboard bases." (Among their more celebrated coups was a system for transporting kilos of dope in the coffins of Vietnam War casualties.26) The Atkinson–Lucas connection had protectors inside the Bureau of Narcotics and Dangerous Drugs, two of whose officers were accused in 1970 of protecting it but acquitted after two mistrials. A case against Atkinson's in-laws in America collapsed after the bureau's informant was murdered.27

According to former DEA agent Michael Levine, then a Customs agent, the Chiang Mai factory producing heroin for the Atkinson–Lucas connection was also protected—by the CIA. Posing as a high-level mafioso, Levine had made an initial drug deal with someone in Bangkok who promised to take him to the factory in Chiang Mai (which almost certainly was processing KMT opium). But a CIA officer in the embassy intervened and forbade Levine to go there, saying, "Our country has other priorities [than the drug war]." He ordered Levine to arrest only his initial contacts and then desist.28

So sophisticated and well protected an operation is a sign of organized crime. According to Professor William Chambliss, Laotian opium had attracted the attention of South Florida Mafia chief Santo Trafficante:

> An informant in the Drug Enforcement Agency told me that Lansky's lifelong competitor and oft-times nemesis, Santo Trafficante, Jr., went to Southeast Asia in 1968 carrying "untold millions" in cash, which he generously distributed to Asian narcotics manufacturers, especially to one Vang Pao, in order to insure a constant supply of heroin from them.29

Joseph Trento also writes that in this period Santo Trafficante became "General Vang Pao's biggest customer."30 FBI records from the time confirm that Trafficante flew to Hong Kong in January 1968 to meet with Frank Furci, a man involved in Mafia corruption of U.S. noncommissioned army officers in Vietnam.31 He paused en route in Los Angeles to confer with John Roselli before crossing the Pacific to Hong Kong, Singapore, and Bangkok. On the same trip (McCoy was told by an official in the Saigon U.S. embassy), Trafficante also met in

Saigon "with some prominent Corsican gangsters." Soon afterward, heroin from Hong Kong began reaching America via the Caribbean and Chile.32

Unlike Trafficante, Roselli had collaborated on high-level paramilitary operations with Shackley in the past. In 1962, William Harvey and Shackley in Miami drove an arms-filled U-Haul truck to a Miami restaurant parking lot and left the keys in the truck to be picked up by Cubans selected by Roselli (who observed the event along with his CIA case officer Jim O'Connell).33 And when the CIA decided to involve the U.S. mafia in a plot to assassinate Fidel Castro, the CIA's cutout Robert Maheu "passed the contract" to Sam Giancana and Roselli. "They, in turn, enlisted Trafficante to have the intended assassination carried out."34 Both Roselli and Trafficante knew thereafter that they enjoyed a de facto CIA immunity from prosecution, and each man had already had played his CIA card at least once for this purpose.

Why did Trafficante consult with Roselli before he reportedly made contact with the Shackley's top Laos asset Vang Pao in Hong Kong? The answer to this question, like many others raised in this book, lies in a dark quadrant, inaccessible to this author and most readers. We are justified, however, in saying, on the basis of the FBI report, that Trafficante's trip was undertaken within the ambit of the CIA's global drug connection.

I know of no foundation for the frequently encountered allegation that Theodore Shackley, the CIA's station chief in Laos, himself set up the Trafficante–Vang Pao meeting and perhaps even participated in it.35 However, many observers have noted that Shackley and his complement of officers arrived in Laos from Miami, where Shackley had worked with mob figures like John Roselli.36 Furthermore, David Morales, who in Laos under Shackley became the chief of base at Pakse (near the air base at Seno, where Vang Pao's opium was shipped abroad), was said by his Miami colleague Tom Clines (who became chief of Vang Pao's base at Long Tieng) to be someone who "would do anything, even work with the Mafia."37

Although it is not the topic of this chapter, it is noteworthy that both Trafficante and Morales have often been accused of prominent involvement in the assassination of John F. Kennedy—Trafficante partly on allegations from his longtime attorney Frank Ragano and Morales partly because of his own alleged admission.38

The significant point is that Shackley's Laotian team of Tom Clines and Dave Morales had worked extensively with Cuban exiles involved in the drug traffic (along with Trafficante's South Florida Mafia) before being moved to Laos to deal with the drug traffickers there.39 The man responsible for the reassignment was Desmond Fitzgerald, the Office of Policy Coordination (OPC) veteran of Operation Paper

and patron of Lair and the Police Aerial Reinforcement Unit (PARU).40 According to Shackley's biographer Alfred Corn, Fitzgerald "took a shine to Shackley" and "would propel Shackley's career forward, setting him toward the highest regions of the CIA."41

Shackley would soon become the most prominent exemplar of the OPC spirit in the next generation of CIA operatives, even after he formally left the CIA in 1979. According to Joseph Trento, Shackley cooperated under Reagan with former OPC officer Richard Stilwell, who "by the end of 1981 . . . was running one of the most secret operations of the [U.S.] government."42 Stilwell, by then retired, was helping the Pentagon set up the Joint Special Operations Command, the military's own new outfit for CIA-style covert operations.43

Shackley, Secord, Drugs, and Off-the-Books Operations

Valentine adds Shackley to McCoy's account of the so-called 1967 Opium War in Ban Khwan, Laos: the successful intervention by the Laotian army after KMT troops from Generals Tuan and Li in Thailand intercepted a sixteen-ton opium caravan in western Laos controlled by the maverick Sino-Burmese warlord Khun Sa. According to McCoy, the battle was won by Ouane Rattikone when Ouane "dispatched a squadron of T-28 fighters from Luang Prabang." In McCoy's account, "General Ouane was clearly the winner of the battle," and "Khun Sa, of course was the loser": "General Ouane's troops won the right to tax Burmese opium entering Laos . . . and the Ban Houei Sai region later emerged as the major processing center for Burmese opium." (This arrangement was similar to that enjoyed earlier by Phao Sriyanon and the Border Patrol Police in Thailand.44)

According to Valentine's account, however, based on an interview with former U.S. Air Force officer (and CIA detailee) Richard Secord, it was not Ouane who dispatched the T-28s; it was CIA station chief Shackley himself:

> Apprised of the situation, CIA station chief Ted Shackley in Vientiane informed Pat Landry, chief [after Lair] of the CIA's major support base in Udorn, Thailand. Landry ordered Air Force Major Richard Secord to send a squadron of T-28s to the rescue. Within hours, the battle had ended with both Khun Sa and the Kuomintang in full retreat, and the Laotians in total control.45

(Shackley in his memoir admits that the CIA transmitted intelligence on Khun Sa's caravan to General Ouane but otherwise claims to be ignorant of and puzzled by the event.46)

Other events at this time corroborate the frequently encountered allegation that Shackley, a protégé in the CIA of Desmond Fitzgerald, was not "turning a blind eye" to the drug trade in Laos but actively

exploiting it. The CIA had already given airplanes to senior Laotian generals that soon "ran opium for them."47 In late 1967, Shackley, in coordination with USAID, also helped Vang Pao form his own private airline, Xieng Khouang Air Transport:

> Two C-47s were acquired from Air America and Continental Air Services. . . . The USAID officials apparently realized that any commercial activity at Long Tieng [Vang Pao's base] would involve opium but decided to support the project anyway. Reliable Hmong sources reported that Xieng Khouang Air Transport was the airline used to carry opium and heroin between Long Tieng and Vientiane.48

The CIA officially prohibited the transport of drugs on its own airline, Air America, which "established a fifteen-man team with drug-sniffing dogs at Udorn to inspect aircraft and personnel."49 But witnesses and academic researchers have charged that Air America's planes, wittingly or unwittingly, flew opium and/or heroin from Vang Pao's base at Long Tieng directly to cities like Bangkok and Saigon, not back to Udorn.50 If so, the dogs were obviously placed at the wrong airport.

In June 1971, as Kissinger prepared for his secret visit to Beijing, Nixon declared a war on drugs. These two important developments combined to doom the CIA's drug-assisted war in Laos, and threaten its protection of KMT-linked dope movements there. (It was only three months later that Alfred McCoy, on his way to expose the Laotian drug scene, witnessed with myself the fire-bombing intimidation of an ex–Green Beret, who had at first agreed to tell us of seeing CIA aircraft loading opium in Laos.)

McCoy's verdict on the CIA was and remains that, "unlike some intelligence agencies, the CIA did not use the drug traffic to finance its covert operations."51 However, Victor Marchetti, who at the time was an up-and-coming CIA executive, later told reporter Joe Trento, "We were officially spending $27 million a year on the war in Laos while Shackley was there. The war was costing ten times that amount. It was no secret how they were doing it: they financed it with drugs. They gave Shackley a medal for it."52

William Corson, a marine intelligence officer on special assignment with the CIA in Vietnam, also told his coauthor Joseph Trento that "the opium profits that financed these secret operations for the CIA in the Golden Triangle reached hundreds of millions of dollars."53

Marchetti's and Corson's statements clarify Shackley's motive for bombing the Thai-based KMT contingent in the 1967 Opium War. Secord's air attack guaranteed that the profits from the opium caravan would stay in Laos and be taxed to support the activities of the Royal Laotian Army there, not be drawn off to support the KMT armies in Thailand. It was not necessary for the income to be deposited into the CIA's own accounts; the secret war could be conducted off the books.

(There were also humanitarian reasons for fostering the movement

of drugs. Once the CIA's Hmong clients had been driven by warfare into areas where dry rice farming became more difficult, the Hmong were forced to sell significant amounts of opium to survive, and this fostered a drug milieu or market system that was also necessary to their survival.)

We shall see that it is clear that when Shackley returned to Washington, he was promoted rapidly, until CIA Director George H. W. Bush, who became a personal friend, made him associate deputy director of covert operations in May 1976. In this capacity Shackley met regularly with former CIA operative Ed Wilson, at the time when Wilson "began selling his services to the Libyans, using his access to the agency to advantage."54 It was also at this time that Bush "ignored repeated signals that rogue, off-the-books operations by former agents were out of control, leading to Agency acquiescence in illegal activities."55

With the election of Jimmy Carter, Bush was replaced as CIA director by Admiral Stansfield Turner. And when stories about Ed Wilson were leaked to the U.S. press (at first in connection with the Letelier assassination), Turner learned about Wilson's close friendships with Shackley as well as Shackley's assistant Tom Clines (who earlier had been Vang Pao's chief of base at Long Tieng under Shackley). Turner demoted both men, who accordingly left the agency and became involved, along with Richard Secord, in dubious business deals with Ed Wilson. In consequence, Clines was indicted in 1982 for defrauding the government and eventually pled guilty.56

Even after their Wilson connection, Shackley, Secord, and Tom Clines remained a team, involved in activities that repeatedly put them in contact with the global drug connection. All three became major players in the affairs of Michael Hand, a former Green Beret in Laos under Shackley, and of Hand's drug-trafficking Nugan Hand Bank in Australia.57 An Australian joint task force investigating the affairs of the bank reported that when one of the chief culprits in its arms-trafficking activities, Bernard Houghton, fled Australia, the "unnamed American" assisting Houghton in his escape "has been identified as Thomas Clines."58

Shackley, Secord, and Clines, along with drug traffickers, later became involved in the Iran-Contra arrangements to finance and supply the Contras at a time when the CIA was forbidden by Congress to do so.59 As late as the 1990s in Azerbaijan (under oil company cover), Richard Secord, along with Heinie Aderholt and Ed Dearborn, two other veterans of CIA operations in Laos, set up an airline on the model of Air America that soon was "picking up hundreds of mujahideen mercenaries from Afghanistan."60 These jihadis had been recruited by the former CIA protégé Gulbuddin Hekmatyar, who at the time was allied with Osama bin Laden and who is a part of the anti-

Karzai insurgency today.61 The Arab Afghans' Azeri operations of these jihadis were also financed with Afghan heroin.62

Postscript

Valentine's account that the CIA resolved the battle at Ban Khwan (the so-called 1967 Opium War) is consistent with other accounts of Shackley's drug strategies and that there were no real losers. The KMT generals returned and concentrated their forces at Tam Ngob and Mae Salong in Thailand; there, both generals and their troops were eventually subsumed under a special task force of the Thai army, and General Duan participated in the Thai army's campaign against dissident guerrillas.63 Khun Sa continued to move opium and eventually became Duan's neighbor, establishing a new base near him in Thailand at Ban Hin Taek. Lintner quotes reports that Khun Sa's opium was not simply seized by Ouane (as McCoy claims) at Ban Khwan: "the opium had already been sold, and . . . Khun Sa had subsequently made his first significant investment in Thailand."64

The CIA's intervention at Ban Khwan left all the combatants still in place for the fight against the communists. Although Khun Sa was never (like the KMT generals Li and Duan) formally accepted into the Thai military command, it is clear that he was tolerated by the Thais. McCoy's own account actually corroborates this. McCoy notes how U.S. Navy Seabees helped build a road in northern Thailand "linking Mae Salong [General Duan's KMT HQ] with the main provincial highway," and he adds that "while this road was not much help to the Thai army, it was a boon to the KMT's involvement in the international drug traffic"65 As can be seen by consulting a tourist map, the road also opened a gateway to Ban Hin Taek, which today shows far more signs than Mae Salong of prosperity from the smuggling facilitated by the newly paved road.66

6
The War on Drugs in Asia

A Phony War with Real Casualties

> Most well-developed heroin networks very quickly move towards a complementation of interests between the narcotics traffickers and corrupt elements of the enforcement agencies responsible for the suppression of the illicit drug trade.1

THIS CHAPTER WILL SHOW HOW THE U.S. WAR ON DRUGS, declared by Nixon on June 17, 1971, has been constrained by the political realities in the Far East to concentrate on and sometimes virtually to invent secondary targets while protecting the CIA's allies and proxies who have been the biggest Asian traffickers. This protection of the top traffickers did not happen in the Far East alone but in the Middle East and Africa as well. As we shall see in the next chapter, Dennis Dayle, a former top Drug Enforcement Administration (DEA) investigator in the Middle East, once said on television that "in my 30-year history in the Drug Enforcement Administration and related agencies, the major targets of my investigations almost invariably turned out to be working for the CIA."2

The results of this constrained war have been summed up by Michael Levine, the former Customs and DEA agent who was forbidden by the CIA to target a major heroin factory in Chiang Mai:

> When Nixon first declared war on drugs in 1971, there were fewer than half a million hard-core addicts in the nation, most of whom were addicted to heroin. . . . Three decades later, despite the expenditure of $1 trillion in federal and state tax dollars, the number of hard-core addicts is shortly expected to exceed five million.3

(Three decades ago Pakistan and Afghanistan had almost no heroin addicts. Today there are an estimated 5 million addicts in Pakistan and 1 million in Afghanistan.)

This does not mean that the DEA has achieved nothing. On the contrary, billions of dollars of repressive equipment have been transferred to foreign governments, where (as we shall see) they have often been used for oppressive purposes.4 In this way, regardless of the intentions of well-meaning DEA agents, the DEA and CIA function together today as integral parts of the U.S. war machine.

Years later, speaking of his Thai experience for Customs and that of his unit, the Hard Narcotics Smuggling Squad, Levine wrote,

> We could not avoid witnessing the CIA protecting major drug dealers. In fact, throughout the Vietnam War, while we documented massive amounts of heroin flooding into the U.S. from the Golden Triangle . . . , while tens of thousands of our men were coming home addicted, not a single important source in Southeast Asia was ever indicted by U.S. law enforcement. This was no accident. Case after case . . . was killed by CIA and State

> Department intervention and there wasn't a damn thing we could do about it.5

(The same would be true of the Golden Crescent in the 1980s, when Afghanistan became the world's major source of heroin.)

Douglas Valentine has now written a two-volume history of narcotics enforcement in America, based both on archival research and on interviews with scores of frustrated DEA agents. What he reports is very similar:

> The moral to the story of federal drug law enforcement is simple: in the process of penetrating organized crime, case-making agents invariably stumble upon the CIA's involvement in drug trafficking, along with the CIA's political protectors. One of the reasons the FBN [Federal Bureau of Narcotics] was abolished, was that its case-making agents uncovered these political and espionage intrigues. Adapting to this reality is perhaps the primary reason the DEA survives. It certainly has not come close to winning the War on Drugs.6

There are signs that Nixon intended to diminish CIA influence over drug enforcement, and he may have created the DEA to gain this important source of power for the White House.7 But after Nixon's departure from office, it soon became clear that the CIA, having earlier placed its officers at top levels of the FBN, was now placing them in the DEA.8

The Origins of Nixon's War on Drugs

When Richard Nixon declared a war on drugs in June 1971, he did so for many reasons, a major one of which was straightforward. Nixon had good reason to be concerned about narcotics from the time of his election, partly because of the increasing rates of heroin consumption by U.S. troops but also because domestic public concern about crime made drugs a hot political issue.

In September 1969 his first major effort, Operation Intercept, targeted marijuana coming from Mexico:

> two thousand customs and border-patrol agents were deployed along the Mexican border for what was officially described as "the country's largest peacetime search and seizure operation by civil authorities." Automobiles and trucks crossing the border were delayed up to six hours in hundred-degree temperatures; tourists appearing suspicious or recalcitrant were stripped and bodily searched. Although more than five million citizens of the United States and Mexico passed through this dragnet during the three-week operation, virtually no heroin or narcotics were intercepted from the tourists.9

Observers commented that, while Operation Intercept aggravated an already prevalent drought in marijuana supplies, there was a consequent increase in heroin smuggling and sales on both the East Coast and the West Coast.10 However, the White House may have considered it a success. Nixon's narcotics adviser, Egil Krogh, noted

that “Operation Intercept . . . received widespread media coverage” and recommended more highly dramatized crackdowns with similar code names.11

On June 21, 1970, the Justice Department launched Operation Eagle. One hundred fifty suspects were rounded up in cities across the country, and the Bureau of Narcotics and Dangerous Drugs (BNDD) proclaimed it to be “the largest roundup of major drug traffickers in the history of federal law enforcement.”12 Attorney General John Mitchell claimed that it had closed down “a nationwide ring of wholesalers handling about 30 percent of all heroin sales and 75 to 80 percent of all cocaine sales in the United States.”13

Less publicized was the fact that as many as 70 percent of those arrested had once belonged to the CIA’s Bay of Pigs invasion force.14 For the first time since World War II, a CIA connection was failing to provide protection to drug traffickers.15 It is probably relevant that Nixon, for reasons going back to his electoral defeat in 1960, mistrusted the CIA and was already seeking to diminish CIA influence in his administration. (According to Len Colodny and Tom Schachtman, “Nixon hated the CIA, believing it had misled him in 1960 about the ‘missile gap,’ allowing John F. Kennedy to outflank him on that issue and win the election.”16)

Those arrested in Operation Eagle were at the heart of the Trafficante-dominated “Cuban Mafia,” identified by the *New York Times* in February 1970 as “for the most part previously little known underworld members employed and trained in pre-Castro Cuba by the American Mafia.”17 Arresting them contributed to the winding up of the historic French Connection because much of the heroin that had reached America via the casinos of Batista’s Cuba had been refined by Corsicans in the region of Marseille.

By June 1971, Nixon had an important new reason to challenge CIA operations in Southeast Asia, which relied heavily on Nationalist Chinese Kuomintang (KMT) armies for actions in Thailand and Laos. Secretly, without advising the CIA, Nixon was having Kissinger prepare for his historic trip to Beijing in July. This would soon lead to an order in August 1971 that the CIA terminate its cross-border operations into Yunnan and other activities offensive to Beijing.18

These orders constituted a remarkable reversal of U.S. priorities, which up to 1971 Nixon had endorsed, not only with respect to China but in Southeast Asia as well.

The War on Drugs and the Shift in America’s Heroin Supply from Turkey to Southeast Asia

At this time Nixon created an Ad Hoc Cabinet Committee on Narcotics, chaired by his national security adviser, Henry Kissinger. The next phase of Nixon's drug war was directed against opium growing in Turkey, a minor source of global opium production but the main source of supply for Corsican heroin labs and the celebrated French Connection.19

The oddity of choosing Turkey as a target is pointed out in Edward J. Epstein's well-informed but very one-sided account, fed with information from James Angleton and his CIA supporters, who were not disinterested:

> According to CIA estimates compiled for the ad hoc committee, India, Afghanistan, Pakistan, Thailand, Laos, and Burma all produced substantially more illicit opium than did Turkey. Moreover, after a thirteen-year prohibition, the Shah of Iran had decided in 1969 to plant 20,000 hectares with poppies, which was a 50 percent-greater area than Turkey had in cultivation. In all, the CIA estimated, Turkey produced only from 3 to 8 percent of the illicit opium available throughout the world.20

Particularly noticeable was the committee's initial avoidance of the problem of Far Eastern heroin. Epstein explains this avoidance by practical rather than strategic considerations: "In the case of Burma (as well as of Afghanistan and Laos), it was recognized that the central government had virtually no control over the tribes growing and smuggling poppies, and that any American pressure or incentives given to the central government would be at best unproductive."21

But according to James Ludlum, the CIA's representative on the committee, both "Lebanon and the East were declared off-limits *for national security reasons*. The focus of the meeting was the flow of Turkish opium to heroin labs in Marseille."22 It is hard not to see in this the Nixon–Kissinger strategy for Indochina, which in Laos still relied heavily on the drug-supported efforts of Vang Pao's Hmong army as well as the Royal Laotian Army.23 To quote McCoy, "The U.S. embassy [in Laos] was well aware that prominent Laotian leaders [such as General Ouane] ran the traffic and feared that pressure on them to get out of the narcotics business might somehow damage the war effort."24 (The war, especially in Cambodia, along with other issues, also contributed to tensions between France and America, even after de Gaulle in 1969 was replaced as president by Pompidou.25)

BNDD agent John Cusack was largely responsible for the BNDD's targeting of Turkey, and he "produced statistics showing that Turkish opium was the raw material for 80 percent of the heroin emanating from . . . Marseille."26 I shall argue later that the heroin estimate by Cusack, who is described by Valentine as an agent "with close ties to the CIA," was false and a falsehood useful to protecting the war in Laos. For now it is enough to stress that Turkey was not a major supplier to the United States, and the BNDD itself soon recognized that "a large percentage of French connection heroin came not from

Turkey, but from the Golden Triangle via Manila and Hong Kong."27

Eventually, $35 million was supplied to the Turkish government in June 1971, resulting in a temporary drying up of Turkish illicit opium. But this had little impact on heroin supplies as opposed to the domestic political goals of Nixon's White House:

> Although this victory would cut off only a small fraction of the opium growth in the world—less than 8 percent—and even this amount would quickly be replaced by opium from Southeast Asia, India, and other sources, White House strategists realized that if the announcement were properly managed in the press, it would be heralded as a decisive victory against the forces of crime and addiction.28

Meanwhile, a series of major arrests and seizures in 1970–1971 made U.S. authorities increasingly aware of how serious was the direct heroin threat to America from the Far East.29 The most spectacular of these was the April 1971 seizure in Paris's Orly Airport of sixty kilos of high-grade Laotian opium. This was found in the suitcase of Laotian Prince Sopsaisana, longtime delegate of the Asian People's Anti-Communist League/World Anti-Communist League and Laos's ambassador designate to France. Although the prince was not arrested, the seizure forced the CIA to reappraise its drug alliances in the Far East:

> According to reports later received by the U.S. [Federal] Bureau of Narcotics, Sopsai's venture had been financed by Hmong General Vang Pao, commander of the CIA's Secret Army, and the heroin itself had been refined in a laboratory at Long Tieng, the CIA's headquarters for [Hmong] clandestine operations in northern Laos.30

Nixon and the CIA appear to have initiated a number of measures to disengage itself from this operation and to crack down on it. As part of this crackdown, the *New York Times* temporarily broke its customary silence on CIA–drug matters. In June 1971 it published a story about heroin refineries in the Golden Triangle, based on a classified report leaked to it by the CIA when Helms was still director of the CIA.31 A month later the *Times* also announced that the Nixon administration would crack down on Laotian, Thai, and South Vietnamese leaders involved in the drug traffic.32

The U.S. War on Drugs and Counterinsurgency in Thailand

Both the White House and the BNDD recognized, from the inception of Nixon's war on drugs in June 1971, that Thailand must now be their primary target. Far more resources were applied to Thailand than either Mexico or Turkey, but the results were equally futile. Even when a Thai CIA asset smuggling drugs on the side was arrested through his own carelessness, the CIA prevented the case from being tried.33

There were three reasons for the failure of the war on drugs in Thailand, all symptomatic of what was fundamentally wrong with the war on drugs. The first is that the top suppliers, notably the KMT generals Li Wenhuan and Duan Xiwen, were regarded as important, untouchable assets in the defense against communism by both the Thai government and the CIA. It was at this time, for example, that Customs agent Michael Levine was forbidden in 1971 to make a case against a heroin factory that was probably processing opium from Li Wenhuan. (Only a few months later, the KMT armies would be formally placed under the Thai Supreme Command.) The second was that the Teochew traffickers with whom they did business in Bangkok also had protectors in the Thai government.34 The third is that the U.S. antinarcotics campaign was accepted by the Thai government only on condition that it maintain and develop the previous CIA support for the Border Patrol Police (BPP), the Police Aerial Reinforcement Unit (PARU), and related programs. Thus the war on drugs, far from launching an attack on the CIA's previous corrupt relationship to the drug traffic, became a means of extending and indeed expanding it. Counternarcotics became the new face for counterinsurgency, that is, repression:

> The United States enjoyed a particularly close relationship with the Thai ruling dictatorship, which agreed to cooperate with the War on Drugs in return for aid in crushing an incipient guerrilla insurrection. During the late 1960s, the OPS [Office of Public Safety] began advisory training of the 7th subdivision of the Thai national police in narcotics enforcement and intelligence gathering in an attempt to curb the source of supply reaching American GIs. They also formed a police aerial reinforcement unit, which was intended to enhance customs and border patrol, while sometimes providing a camouflage for CIA operations into neighboring Laos and Vietnam.

According to Kuzmarov, American drug war aid became diverted to the purpose of domestic oppression, just as would happen later in Burma:

> As the drug crisis in Vietnam intensified, Nixon increased the number of federal narcotics agents in Thailand from five to eleven. On August 4, 1971, Egil Krogh visited with Thai officials and issued a memo to State Department officials calling for an "all out war to disrupt those supplying American troops" with drugs.35 On September 28, 1971, American ambassador Leonard Unger helped broker a pact, in which the United States agreed to send Black Hawk helicopters to bolster the drug enforcement capacities of the Royal Thai police, which had received previous U.S. monetary assistance under OPS programs for what it termed domestic "security purposes." A congressional investigation later uncovered that much of the American drug war aid continued to fulfill these ends and was funneled toward financing the repressive policing apparatus of the Thai government, which frequently carried out spot executions and torture.36

Early victims of this intensified effort were hill tribes in northern Thailand whose opium growing had earlier been tolerated but whose fields were now napalmed from the air, sometimes with approving U.S. members in the helicopters.37 What ensued later was an

organized massacre at Bangkok's elite Thammasat University of students opposing army dictatorship. In 1974 the BPP—"which was intimately connected to CIA counter-insurgency planning—helped spawn and legitimize . . . the Red Gaurs (*krathing daeng*)."38 The Red Gaurs contained "veterans from the Thai units that fought for the US in Indochina" and who now had found new employment back home.39 In October 1976 the BPP and Red Gaurs, along with Village Scouts (another BPP creation), were brought into Bangkok and implemented an army radio station call to kill students in Thammasat University. "A handful of students who tried to escape were brutally lynched, raped, or burnt alive outside the university. Officially, forty-three students were killed, and two policemen. Over 3000 were arrested on the day, and some 5000 later. That evening an army faction took power by coup."40

A year later, the military dictatorship was in the hands of the last of the Northern Army dictators, Kriangsak Chamanand, the leader of the 1976 coup and a man "heavily implicated in the [drug] trade and also a KMT client."41

In 1999 a Thai proposal for a book researching the source of the Thammasat massacre proved too controversial to be completed. But two Northern Army generals accused of running the drug trade at the time, Praphat Charusathien and his son-in-law Narong Kittikachorn, were later identified as

> being behind the violent crackdown on the demonstration. . . . One vital, unanswered question is whether there was a "third hand" behind the killings. [Some] suggest an agency was involved that wanted to discredit the dictatorship. The officer allegedly connected with this mysterious force is Maj.-Gen. Witoon Yasawat, now 74 and ailing. In a recent interview with the *Siam Post* newspaper, Witoon admitted he acted on behalf of a third party. But he refused to identify who it was, saying only that "the secret will die with me." The first shots, according to sources . . . came from rooftops and were fired by Lao mercenaries in the pay of the CIA.42

Yasawat was a former leader of CIA-paid Thai mercenary forces in Laos, reinforcing the impression that PARU or possibly even the CIA itself was the "agency" involved.

Undoubtedly, the CIA's covert operators had helped precipitate the political crisis leading to the bloody episode at Thammasat. In 1975, after the civilian prime minister Kukrit Pramoj gave the United States a one-year deadline to begin withdrawing its troops from Thailand, "the United States together with the Thai right produced 'evidence' that the Vietnamese were planning to invade." The military mobilization in Bangkok at the time of the Thammasat incident was in response to this concocted threat.43

Earlier in 1975, amid "well-circulated but bogus U.S. intelligence reports detailing Hanoi's strategy to take control of all of mainland Southeast Asia"[!], Thai agents "then incited riots in the northeastern

provincial capital of Nakhon Nakhon, homeland to Thailand's largest concentration of immigrant Vietnamese."44 This instigation of anti-Vietnamese violence replicated the anti-Vietnamese pogrom accompanying the Cambodian military coup of 1970 installing Lon Nol, another coup in which some observers have seen the influence of U.S. intelligence.45

The story goes still further back. The Cambodian pogrom in turn reflected the anti-Chinese pogrom that followed the Indonesian coup overthrowing Sukarno in 1965, and in fact the Cambodians were allegedly advised by Indonesian "psychological warfare" experts who arrived in Phnom Penh within days of the Lon Nol coup.46 American-trained psychological warfare experts were at the very heart of the 1965 Indonesian coup.47

This narrow focus on the role of the CIA, PARU, and BPP should not convey the sense that the CIA was responsible for all of the antistudent violence of that era, even in Southeast Asia. In the decade after the Paris uprising of 1968, the world in short order witnessed the 1968 Tlatelolco massacre of students in Mexico City, the 1970 killing of U.S. students at Kent State and Jackson State universities, the 1972 Kizildere massacre in Turkey, the Burmese student uprising of 1974, and the anti-intellectual Cambodian genocide of 1975. Violence has its own momentum in human history; it cannot all be laid at the door of "psychological warfare experts."

With the withdrawal of American troops from Thailand in 1976, America's experts predicted a still greater collapse into violence. But the exact opposite proved in the end to be the case. The Thammasat massacre had driven between 3,000 and 10,000 urban middle-class intellectuals into the arms of the communist resistance in northeastern Thailand. But the departure of the U.S. military was marked by a slow return of Thai politics to civilian government, for the first extended period since 1947. Assisted by the developing complexities of international politics, this led by degrees to a process of reconciliation and normalization.48

In short, the hopes for liberal democracy for Thailand, actively subverted by covert U.S. governmental pressures, radically improved after U.S. troops withdrew in the 1970s.

How the Phony U.S. War on Drugs Protected and Helped Create the Biggest Traffickers

Many observers have commented on the futility and misdirection of America's expensive drug enforcement campaigns in Southeast Asia, where the DEA was prevented from going after the real top traffickers

—notably the Thai and CIA ally General Li Wenhuan of the KMT Third Army. Instead, the DEA made a point of finding secondary targets who were protected not by Thailand but by Burma. The first of these was Lo Hsing Han, the Burmese militia chief in Kokang, whom senior U.S. narcotics adviser Nelson Gross proclaimed publicly in September 1971 to be the "kingpin of the heroin traffic in Southeast Asia . . . whose control, runs the gamut from poppy fields to heroin labs."

Gross's announcement was in the wake of Nixon's proclamation in June 1971 of a war of drugs. To understand it, we will have to look at the genesis of that policy and the creation of the Cabinet Committee on Narcotics Control in September, the working group of which Gross chaired.

According to Bertil Lintner, the best observer of Burma at the time,

> Nelson Gross's statement about Lo Hsing-han was dismissed by most astute observers as a media-directed exaggeration. At the same time as the drug authorities were trying to focus the world's attention on one single trafficker of moderate status and importance, two relatively unknown opium merchants in Kengtung—Shi Kya Chui and Yang Sang a.k.a. Yang Shih-li—were, in fact, trading in much larger quantities than the "kingpin" himself. From his base in Lashio in northern Shan state, Lo Hsing Han was only able to organize three to four convoys a year carrying opium, jade, and other contraband down to the Thai border at Tachilek, the apex of the Golden Triangle. Shi Kya Chui and Yang Shih-li, on the other hand, were more conveniently based at Kengtung, only 170 kilometers north of Tachilek, making it possible for them to make up to 10 trips a year.49

Now Valentine reveals that the idea to make Lo Hsing Han the target originated with three CIA officers who knew Southeast Asia well:

> CIA officers Jim Ludlum, Joseph E. Lazarsky and Clyde McAvoy wrote "the scenario" in Burma. . . . To insure that the military's interests in Southeast Asia were not compromised, Deputy Director of Central Intelligence General Robert Cushman attended the CCINC meetings where Lazarsky, Ludlum and McAvoy presented their plan of attack. . . . [In a meeting with General Ne Win of Burma] Gross presented the Ludlum-Lazarsky-McAvoy plan, which made Lo Hsing Han . . . the fall guy.50

Complex negotiations ensued over a proposal from the rebels in the Shan state: that they would sell their opium crop to Lo Hsing Han, who in turn would deliver it all to the DEA. The British filmmaker Adrian Cowell, in close touch with Lo Hsing Han (and later with Khun Sa), delivered the proposal to the U.S. embassy. Soon, Lo Hsing Han, thinking that he was about to negotiate with the Americans, naively entered a Thai army helicopter. Instead, he was taken to an army base near Chiang Mai, arrested, and extradited to Burma. "In fact, Lo's arrest had no impact on the overall flow of drugs from Burma."51 But in America, the arrest was announced under headlines like "The Heroin King Is Captured," allegedly after a battle in which five of his followers were wounded.52

Gross presented the proposal to target Lo Hsing Han to Ne Win in

September 1971, three months after Nixon proclaimed his war on drugs and the same month that Laos, under American pressure, made opium illegal under new laws written in the U.S. embassy. Knowing that the Thais would never give up the forces of KMT General Li Wenhuan (said to control two-thirds of the opium coming to Thailand), Gross came up with a different proposal:

> buy them out of the opium business. . . . Despite the cabinet committee's stated policy against preemptive buying of opium . . . a deal was struck in March, 1972. . . . [The Chinese Nationalists] delivered twenty-six tons of brownish material that supposedly constituted their entire opium stockpile, and pledged to remain out of the opium business for several years. Unevaluated CIA reports . . . leaked to columnist Jack Anderson . . . said that the brownish material . . . was in fact heavily weighted with cow fodder.53

Valentine, citing an internal report to Customs from former CIA officer William Young, writes that this idea also originated not with Gross but with the CIA base chief in Chiang Mai, Robert Brewer. Thai BNDD Chief Fred Dick also told Valentine that "I do know that the agency wrote the words and music for this opera."54 Although the BNDD officially disputed the CIA reports, BNDD officer Dick added, "We all know they [the KMT in Thailand] never got out of the opium traffic. They probably would have been better off to give the money to the Salvation Army."55

With Lo's arrest, "Khun Sa's Shan national Army and the Thai-based Kuomintang picked up the slack, and Khun Sa would become an enduring target of the DEA for the next 20 years."56 This was a continuation of the charade to avoid the top traffickers. According to Lintner, "Khun Sa, contrary to . . . myths spread by many Western narcotics agencies, was not the mastermind of the international drug trade." According to Valentine, "it was common knowledge that Khun Sa moved only about ten percent of the region's opium."57

Khun Sa moved into his Thai base at Ban Hin Taek and regularly received visitors there, including westerners like Adrian Cowell. Lintner describes how Joseph Nellis, chief counsel of the Senate Committee on Narcotics Abuse, flew to meet him in a Thai helicopter, was greeted there by "a number of heavily armed Thai BPP policemen," and conducted an interview with Khun Sa in which the interpreter was a former "mercenary with the CIA in Laos."58

As with Lo Hsing Han, the war against designated target Khun Sa was a scripted charade. Author James Mills was told that

> the war being fought against Chang Chi-fu [Khun Sa] is a cosmetic one, intended only to convince Americans that the Thais are doing all they can to capture Chang and put an end to his opium business. In reality, the Thais are associated with Chang Chi-fu and share in his profits.59

In 1982, a new Thai government, embarrassed by Khun Sa's

frequent and flamboyant press interviews, mounted a BPP attack that temporarily demolished Ban Hin Taek. (Khun Sa himself, having been given ample warning, escaped.60) But at Homöng, his new base in Burma, the charade continued. Bo Gritz visited him there in 1987 and, having just read of a vigorous joint Thai–Burmese military attack, was surprised to find no traces whatever of a battle:

> When I questioned Khun Sa about the matter, Khun Sa said that Thai and Burmese military officials had both come to meet him early in January [1987], and said that they stood to lose millions of dollars in US drugs suppression funds unless they made it look like they were doing something. So they worked out a deal. Khun Sa agreed to let them come up to the border and fire off their guns and a few rockets in to the air, so that they could claim that they were doing their part in fighting this "monster," whom [U.S.] Ambassador [to Thailand William] Brown had described as "the worst enemy the world has."

Khun Sa also told Gritz, truthfully, how in exchange for this theater the Thais had agreed to build a new road (Route 1285, built once again with help from USAID) out of Mae Hong Son to a point on the border facing Homöng.61 In other words, America, by making Khun Sa the designated target in a conspiratorial charade, actually conferred on him a bargaining power he might not otherwise have had.62

Their status as designated DEA targets also enabled both Khun Sa and Lo Hsing Han to reach mutually satisfactory understandings with the Burmese government. With the economy suffering from Burma's isolation, Yangon relied increasingly on taxing the profits of Khun Sa and Lo Hsing Han—the two traffickers it could be confident were no longer (even if Khun Sa had once been) American assets.63 With the gradual decline of the old KMT generals, Khun Sa had a new phase of increased importance:

> Under Khun Sa's leadership, Burma's opium production soared from 550 to 2,500 tons during the 1980s—an exceptional 500 percent increase. Fueled by Burma's rising poppy harvest, Southeast Asia's share of the New York City heroin market jumped from 5 to 80 percent between 1984 and 1990. By then, Khun Sa controlled over 80 percent of Burma's opium production—making him history's most powerful drug lord.64

This remarkable quintupling of Burmese opium production came at a time when the Ne Win government was receiving the powerful chemical defoliant 2,4-D from the U.S. State Department for a massive but obviously ineffectual aerial spraying campaign. The $18-million-a-year program proved once again the futility of simply throwing money after an ill-understood problem in remote areas: "Instead of curbing production, narcotics officials believe the programme only inspired farmers in the poppy growing areas to increase their planting in the hope of compensating for expected spraying losses. 'We sprayed them into overproduction,' said a narcotics expert in Bangkok."65

It should also surprise no one that the spraying campaign was used by the Burmese military for political purposes, targeting those hill

tribes like the Kachins and Wa, who were in opposition to Yangon, and allegedly sparing those like Khun Sa, who supported it. So one net result of the spraying campaign may have been to help Khun Sa increase his market share.

The 2,4-D did not reduce opium production, but it had major consequences for the hill tribes who were targeted. Edith Mirante received reports from two opposed Shan groups "that people were getting sick from it, and cattle were dying."66 Shelby Tucker, one of the very few people to reach the Kachin areas of Burma in this period, was told that 2,4-D

> was so toxic that it killed almost everything it touched. It entered rivers and streams and spread beyond its target areas. People who drank from the rivers or ate food affected by it took violently ill. Its contaminating effects endured in the ground. It could be and was used as a tactical defoliant. It could be and was used to discourage the people from supporting the insurgents and to encourage them to support the Burma Army. It was ideal for ethnic cleansing.67

Then, as the flow of opium moved north and east through Kokang into China, Khun Sa and Lo Hsing Han had a new career. Thanks in part to their designation by the DEA, both men, having made peace with the State Law and Order Restoration Council, became major capitalist entrepreneurs in Yangon.

It is hard to disagree with McCoy's and Lintner's severe verdicts on the DEA's costly and at times repressive drug war in Southeast Asia:

> Khun Sa's career demonstrates the ultimate futility of Washington's war on the world's drug lords. While still central to the narcotics trade, major drug lords, protected by powerful elements within their governments, remain impervious to international pressures. Like Khun Sa, they can only be arrested when the political economy of the producing regions shifts in ways that renders them redundant—stripping them of local power, drug profits, and external support. In effect, we can only capture a drug lord when he is no longer a drug lord. This paradox raises some real questions about the nature of the global drug trade and the appropriateness of US anti-narcotics policy. More than any other man in this century, Khun Sa has shaped the world's narcotics traffic—increasing Burma's heroin production five-fold and changing the demographics of drug abuse in the United States. But even at the peak of his powers in 1990, his capture would have had little effect on the traffic. The poppy fields and urban addicts would have remained, and some other drug lord would soon reap the profit that comes from their connection. In Burma over the past 50 years, four drug lords—General Ly Wen-huan, Lo Hsing-han, Khun Sa, and, now, Wei Hsueh-kang—have, in turn, risen to extraordinary wealth and power by expanding opium output dramatically and then fallen without any perceptible impact upon supply.68

This drug milieu, on which not just the Hmong but the entire Laotian economy was so dependent, survived the departure of the CIA from Laos in 1975. The incoming communist government was impoverished; soon the leaders of isolated provinces and then those of the two capital cities were driven to make alliances with local traffickers.

By 1978, only three years later, a Sino-Thai trafficker, Poonsiri

Chanyasak, formerly the "Mr. Big" in Thailand,69 had successfully corrupted the new communist government in Vientiane and was now selling Laotian opium to figures who earlier had been part of the KMT network. His main Bangkok purchaser, Lu Hsu-Shui (alias Vichien Wachirakaphan), was a major DEA target, but Lu escaped arrest when the CIA decided to preempt a confidential informant in the case against him for "a high-level, sensitive national security operation."70

In this way the CIA precluded the arrest of a man described in the *New York Times* as someone who "was (and still may be) the leading importer of Southeast Asian heroin into the United States."71 Thus, the Poonsiri–Lu Hsu–Shui connection constituted what I call a metagroup: a group with the ability to gain the protection of both sides in a political conflict. Mills describes how Lu Hsu-Shui and his two cousins, having escaped indictment, apparently went on to enjoy special relationships in Las Vegas, in Saudi Arabia, and with the mainland Chinese intelligence service.72

The anecdote again illustrates what common sense already tells us: that in a world where some high-level traffickers are used by the CIA for parastatal purposes, those traffickers, having the best protection, will rise to the top of the world trade. Drug enforcement then becomes an activity that benefits these top traffickers both by artificially boosting the price of drugs and by selective prosecution of those competitive traffickers not so protected.

This ability of drug traffickers to transcend political divisions is an important phenomenon, to be explored more deeply in a later chapter.

Southeast Asian and Afghan Opium Production: Two Stories or One?

There are reasons to surmise that the CIA's forced departure from Laos in 1975 may have contributed to the rise of opium production in Afghanistan at the same time, soon followed by CIA destabilization of Afghanistan from as early as 1978 if not earlier. To sum up the CIA's Laotian record, the landlocked opium-growing country of Laos, the only nation in the region that never attacked another, was targeted by the Dulles brothers and the CIA for no other crime than having installed a neutralist government. The resulting decision to polarize the country backfired: what America got in the end was a resounding defeat for its proxies and the installation of their enemy the Pathet Lao as the new government.

This followed the application of maximum airpower: the tonnage of bombs dropped between 1968 and 1972 on the Plaine des Jarres alone was greater than the tonnage of all the bombs dropped by the United States in both the European and the Pacific theaters during World War II.73 Many of these bombs are still unexploded and still cause civilian

casualties. Yet after this total criminal fiasco, Brzezinski and the CIA in 1978, two years after the United States removed the last of its troops from Thailand, unilaterally decided to repeat history and destabilize another landlocked opium-growing country—Afghanistan.

To summarize what I have written elsewhere, Brzezinski was soon in contact with Pakistan's emissary Fazle Haq, a man who by 1982 would be listed by Interpol as an international narcotics trafficker.74 The U.S. polarization resulted in a coup and new government by a Communist Party fraction so extreme that the Soviet Union (as Brzezinski had predicted) intervened to restrain it. In the next decade of anti-Soviet resistance, more than half of America's aid went to Gulbuddin Hekmatyar, who soon became "one of Afghanistan's leading drug lords." The consequences were felt in America, where heroin from the Golden Crescent, negligible before 1979, amounted in 1980 to 60 percent of the U.S. market.75

As we shall see, Americans were conscious of the drug implications. Jimmy Carter's drug adviser, David Musto, told the White House Strategy Council on Drug Abuse in 1980 that "we were going into Afghanistan to support the opium growers," and he asked, "Shouldn't we try to avoid what we had done in Laos?"76

McCoy points out that American heroin imports had decreased radically in the 1970s, whether from the success of Nixon's drug war or from Jimmy Carter's ban on major CIA covert operations from 1976 to 1978. (Another reason, of course, might have been the U.S. withdrawal from Indochina.) Acknowledging the complexities of the global drug trade, he nevertheless offers the cautious conclusion that "prohibition and protection were, on balance, significant factors—in both the decline of heroin supply in the 1970s and its subsequent increase during the 1980s."77

Meanwhile, through the last three decades since the first U.S. intervention in Afghanistan, there has been a dramatic decline in Southeast Asian opium and heroin production: from more than 70 percent of all the opium sold worldwide to about 5 percent. A *New York Times* article explained the dramatic change as follows:

> Economic pressure from China, crackdowns on opium farmers, and a switch by criminal drug connections to methamphetamine production, appear to have had the biggest impact. At the same time, some insurgent groups that once were financed with drug money now say they are urging farmers to eradicate their poppy fields.
>
> As a result, the Golden Triangle has been eclipsed by the Golden Crescent—the poppy-growing area in and around Afghanistan that is now the source of an estimated 92 percent of the world's opium, according to the United Nations.78

I suspect, however, that Afghan drug trafficking may be as much the cause as the beneficiary of the change in Southeast Asia. Just as a renewed Burmese alliance with Lo Hsing Han was the chief reason for Khun Sa's late career decline, so the new dominance of the global

heroin trade by Afghanistan may have been a major factor in marginalizing Southeast Asian production. A graph produced by the UN Office on Drugs shows relative stability in global opium production between 1990 and 2005, as the decline in Burmese production was roughly compensated for by the increase in Afghan production.79

Does this mean that those who profited most from Southeast Asian trafficking have now been replaced by new and independent players? I very much doubt it. The entry of Afghanistan into the global drug market first dates from about 1971, the year in which opium was made illegal in Laos and the massive air communications between Indochina and America began to be wound down. Two French journalists report that it was in 1971 that a few hundred Europeans and Americans became traffickers in Kabul.80 I suspect some of these may have come from Southeast Asia, having seen that the trafficking opportunities there were about to change.

That there was such a connection would explain why in 1985, when Burmese drugs began to flow through southern China, the Chinese People's Republic began to admit international banks to the Shenzhen economic zone bordering Hong Kong, and the second bank to be so admitted, to the astonishment of other bankers, was the Bank of Credit and Commerce International (BCCI).81 BCCI, as we shall see, had risen to global prominence since 1980 as the lead bank transmitting CIA support to the drug-growing mujahideen in Afghanistan.

The shift in opium production between 1990 and 2007 is very like, indeed reenacts, the shift in U.S. heroin imports between 1968 and 1972:

> Between 1968 and 1972 there was a dramatic change in the pattern of international narcotics smuggling. Prior to 1968, 90 percent of the heroin coming into the United States came from opium grown in the Middle East. . . . By 1972, however, this pattern had changed. By then, over 45 percent of the heroin entering the United States came from opium grown in the Golden Triangle. . . . The heroin coming from the Middle East-French connection declined by about the same percentage.82

Two crucial developments may help to explain this change. The first development was Trafficante's visit in 1968 to Hong Kong, where he may or may not (as Chambliss was told by his DEA source) have met with Vang Pao. McCoy speculated plausibly that Trafficante's visit "was a response to the crisis in the Mediterranean drug traffic and an attempt to secure new sources of heroin for Mafia distributors inside the United States."83

The second development was Nixon's antidrug campaign in 1971, which in its first phase targeted Turkey as an opium source and ignored Southeast Asia.84 McCoy has noted both the initial impact of the Nixon attack on Turkey and its ultimate futility:

> In the 1970s, President Nixon scored a total victory in the first U.S. drug war by destroying the Turkey-Marseille connection. During the next decade, however, American heroin dealers shifted their sources from Turkey to Southeast Asia, next to Mexico, *then to Central Asia*—remaining one step ahead of U.S. narcotics agents. By the early 1980s, it was clear that Nixon's victory was simply a down payment on defeat.85

In other words, three decades of the war on drugs, which has now cost American taxpayers an estimated $1 trillion, has not reduced the size of the drug traffic but rather only affected the behavior of the major controllers like Trafficante.86 And if McCoy's analysis is correct, then the same controlling heroin connections that have dominated the traffic in the past have now shifted their supply source to central Asia—which can only mean Afghanistan.

All this leads me to a question, perhaps unanswerable, that McCoy does not ask: is it a coincidence that, both times when the drug traffic faced an impending crisis in its existing source of supplies, the interventions of the U.S. government, particularly the CIA, helped other deep forces in their efforts to create a new supply source?

Deep Forces, the CIA, and the Shift in World Opium Production to Afghanistan

Cusack's announcement that heroin labs in France were supplied from Turkey, and his formulation of a buyout plan to deprive Marseille's heroin labs of their opium supply, were part of a larger campaign to eliminate what was known as the French Connection. A number of books have described this campaign, but most of them have failed to point out the resulting rise in Asian opium supply and the role in the shift of both the CIA and the French intelligence agency Service de Documentation Extérieure et de Contre-Espionnage (SDECE). For all of the top traffickers had protection from intelligence agencies, and inevitably a shift in trafficking routes involved their intelligence connections.87

Especially after Georges Pompidou replaced Charles de Gaulle in 1969 as president of France, both intelligence agencies were changing, and change led to internal conflicts between old and new guards. The CIA, which had long been antipathetic to de Gaulle, made alliances with pro-Pompidou elements replacing the Gaullists in SDECE. Soon the chief of these was Alexandre de Marenches, an American contact since World War II whom Pompidou installed as head of SDECE in November 1970.

In November 1969 discussions began between the head of BNDD and French officials in the new Pompidou government "about how to smash the [Corsican] Orsini organization" in Marseille.88 The Danish journalist Henrik Krüger, in a book for which I wrote the foreword,

argued that this was part of a series of coordinated meetings (including Trafficante's 1968 trip to Hong Kong, Nixon's drug policy initiatives and also a Mafia summit in Italy); these meetings collectively represented a deliberate move to reconstruct and redirect the heroin trade in the United States, "from Marseilles (Corsican) to Southeast Asian and Mexican (Mafia) heroin in the United States."89

Krüger argued in essence that what he called this "great heroin coup" resulted in part from the "unprecedented tensions" that existed between both incoming presidents (Nixon and Pompidou) and "their old-line intelligence services."90 A major part of his argument is the involvement of the CIA, acting through American and French anti-Gaullist, pro-Pompidou narcotics agents, in the framing and then murder of the Moroccan leftist Mehdi Ben Barka, organizer of the Havana Tricontinental Congress. (This murder was rightly seen by de Gaulle's biographer Alexander Werth as a "double operation—first against the Third World by eliminating Ben Barka and secondly against de Gaulle."91) According to *Time* magazine, no less than thirty-seven people disappeared in the subsequent turmoil, which Krüger attributed to the conflict between Gaullist and pro-Pompidou factions of the SDECE.92

McCoy also studied this shift in heroin supply. His account of it in the current edition of his book is less conspiratorial: that the drug market shift from Turkish to Asian sources simply represented a decision made by American heroin dealers to evade BNDD agents. Over the past forty years, in his words, "American heroin dealers shifted their sources from Turkey to Southeast Asia, next to Mexico, then to Central Asia—remaining one step ahead of U.S. narcotics agents."93

By contrast the 1972 edition of McCoy's masterpiece was closer to Krüger's thesis because McCoy too attributed the supply shift, at least in part, to a deliberate government deception program about Turkey's significance:

> As America confronted the heroin epidemic in mid 1971, government leaders and mass-media newsmen reduced the frightening complexities of the international drug traffic to a single sentence. Their soothing refrain ran something like this: 80 percent of America's heroin begins as raw opium on the slopes of Turkey's craggy Anatolian plateau, is refined into heroin in the clandestine laboratories of Marseille, and smuggled into the United States by ruthless international syndicates. If any of the press had bothered to examine this statement they might have learned that it was based largely on a random guess by the French narcotics police, who had eleven officers, three automobiles, and a miserable budget with which to cover all of southern France.94

(McCoy dropped this paragraph from the 2003 edition of his book and instead accepted, as if it were an uncontested fact, that "Turkey's opium [was] the source of 80 percent of America's heroin supply."95) According to Doug Valentine, both the exaggerated opium statistics

attributed to Turkey and also the plan to buy out Turkish opium were the work of BNDD agent John Cusack, whom he describes as "ambitious and smart, with close ties to the CIA, at times using FBN investigations as cover for CIA missions."96 (In his earlier volume, Valentine wrote that the CIA used Cusack in the CIA murder plot against Ben Barka described by Krüger.97)

To understand America's current involvement in Afghanistan, it would be critical to ascertain whether government policies, as Krüger argued, have helped in the past to direct shifts in heroin supply, not simply follow them. In *Cocaine Politics* in 1991, Jonathan Marshall and I argued for a more modest government role, that is, that the CIA made alliances with the traffickers in various parts of the world rather than guiding them there.

We wrote that

> the long and sordid history of CIA involvement with the Sicilian Mafia, the French Corsican underworld, the heroin producers of Southeast Asia's Golden Triangle, the marijuana- and cocaine-trafficking Cuban exiles of Miami, and the opium smuggling *mujaheddin* of Afghanistan simply reinforces the lesson of the Contra period: far from considering drug networks their enemy, U.S. intelligence organizations have made them an essential ally in the covert expansion of American influence abroad.98

In this book I have presented evidence that OPC and CIA policies in the past have paved the way for opium traffic shifts and not merely followed them.99 The emergence of Burma as a supplier of world opium resulted from Sea Supply's buildup of the KMT traffickers through Operation Paper in Burma. Laos became a major supplier of world opium as a result of PARU's ouster of a neutralist government and empowerment of General Ouane in Laos. This role for Laos was strengthened by Shackley's intervention in the 1967 Opium War and the involvement of Shackley's cohorts in the drug-trafficking bank Nugan Hand.

I would conclude that to some extent CIA policies of withdrawal from Laos and engagement in Afghanistan may have been responsible for the dramatic shift in supplies in the 1970s from the Golden Triangle in Southeast Asia to the Golden Crescent in Afghanistan. The question arises whether this shift was unintended or whether the CIA, aware of Musto's warnings, was consciously in step with other dark forces anxious to secure a zone of opium production as the United States withdrew from Southeast Asia.

This question is of the greatest relevance to another, more immediate one: why is the United States, against expert advice, now miring itself in another unwinnable war—Afghanistan?

III

Deep Events and the Drug Connection at Home

7
The CIA, the Global Drug Connection, and Terrorism

Paul Helliwell, OPC, and the CIA

IN THIS CHAPTER, I LAY OUT SOME OF THE COMPLEX INFRASTRUCTURE for that milieu that I call the global drug connection and its ties to what has been called an "alternative" or "shadow" CIA. In this narrative, the names of individuals, their institutions, and their connections are relatively unimportant. What matters is to see that such a milieu existed; that it was ongoing, well connected, and protected; and that, with increasing independence from governmental restraint, it has played a role in major deep events in the past half century.

In areas where communist forces have appeared strong, the United States, at least since 1945, has resorted repeatedly to supportive counterviolence from mobsters involved in the drug traffic. At first, as in postwar Italy, these arrangements were temporary and ad hoc, as when Vito Genovese, a New York Mafia leader, was installed as interpreter in the Allied Military Government office of Colonel Charles Poletti, a former New York Tammany politician.1 But a stronger connection had emerged by 1947, by which time more than sixty recently deported American Mafia figures, headed by Lucky Luciano and Frank Coppola, worked with former Office of Strategic Services (OSS) Chief William Donovan and others to provide muscle for the CIA-favored Christian Democratic Party.2

Such arrangements became more official and centralized in 1948, after the newly created National Security Council (NSC) created an Office of Policy Coordination (OPC) to carry out "subversion against hostile states"—that is, conduct lawbreaking as national policy. Thanks to OPC, the United States began giving significant covert support to organized drug traffickers around the world, in the Far East, Europe, and eventually the Middle East and Latin America.

These worldwide activities became more and more interrelated. We have seen that since at least 1950 there has been a global CIA–drug connection operating more or less continuously. Especially with the passage of time, this connection has contributed to unexplained deep events and the consolidation of the global dominance mentality at home as well as abroad. More specifically, the global drug connection is a factor underlying such unexplained deep events as the assassination of John F. Kennedy, the second Tonkin Gulf incident of 1964, and Iran-Contra.

The global drug connection is not just a lateral connection between CIA field operatives and their drug trafficking contacts. It is more significantly a global financial complex of hot money uniting prominent business, financial, and government as well as underworld figures. It maintains its own political influence by the systematic supply of illicit finances, favors, and even sex to politicians around the world, including leaders of both parties in the United States. The result is a system that might be called indirect empire, one that, in its search for foreign markets and resources, is satisfied to subvert existing governance abroad without imposing a progressive alternative.

One significant organizer of the postwar global drug connection—between the CIA, organized crime, and their mutual interest in drug trafficking—was former OSS officer Paul L. E. Helliwell. Helliwell, who was head of the Special Intelligence branch of OSS in Kunming and later an officer of OPC and the CIA, was simultaneously the owner of the Bank of Perrine in Key West, Florida, "a two-time laundromat for the Lansky mob and the CIA," and its sister Bank of Cutler Ridge.3 Here we shall see a number of interrelated mob–CIA money-laundering banks in the global drug connection, of which the greatest was undoubtedly the Bank of Credit and Commerce International (BCCI).

Most people have never heard of Paul Helliwell. Mainstream books about CIA wrongdoing, like Tim Weiner's *Legacy of Ashes*, make no mention of him, of his important CIA-related bank, Castle Bank in the Bahamas, or, for that matter, of an even more important successor bank to Castle, the Bank of Credit and Commerce International (BCCI). In the flood of CIA documents released since 1992, one does not find the name of Helliwell in the archival indices of the National Archive, the National Security Archive, or the Federation of American Scientists. In the million declassified pages stored and indexed on the website of the Mary Ferrell Foundation, Helliwell's name appears exactly once—and that is on a list of documents that were *withheld* from review during the CIA's search in 1974 for records concerning, of all things, Watergate!4 This silence, even in available CIA records, about the principal architect of the postwar CIA–drug connection, speaks volumes.

Most of what we know about Helliwell derives from the press reaction to the successful CIA effort to block an Internal Revenue Service (IRS) investigation in the 1970s, known as Operation Tradewinds, of his money-laundering banks. This struggle with Helliwell and the CIA began in 1972, when IRS investigator Richard Jaffe, tracing the funds of arrested marijuana and LSD dealer Allan George Palmer, learned that Palmer "had personally brought some of his money south to the Perrine-Cutler Ridge Bank for deposit."5

Jaffe learned also that the funds had been deposited in the account of a Bahamian entity called Castle Bank. According to Jim Drinkhall in the *Wall Street Journal*, this bank was "set up and principally controlled" by Helliwell, who "was instrumental in helping to direct a network of CIA undercover operations and 'proprietaries.'"6 Drinkhall wrote that the CIA shut down Jaffe's investigation of the Castle Bank because Castle "was the conduit for millions of dollars earmarked by the CIA for the funding of clandestine operations against Cuba and for other covert intelligence operations directed at countries in Latin America and the Far East."7

Drinkhall further noted what Helliwell is probably most famous for (and what I had earlier written about in *The War Conspiracy*):

> In 1951, Mr. Helliwell helped set up and run Sea Supply Corp., a concern controlled by the CIA as a front. For almost 10 years, Sea Supply was used to supply huge amounts of weapons and equipment to 10,000 Nationalist Chinese [KMT] troops in Burma as well as to Thailand's police.8

But Drinkhall did not point out what is now not disputed, that both the KMT troops in Burma and the Thai Police were the two main arms of the CIA–KMT–Burma–Thai drug connection and were involved together in the growth and trafficking of opium for the world market, including the United States.9

Helliwell's favors for the CIA were not restricted to the Far East. Along with two old associates from the KMT–Burma drug connection, Frank Wisner of the CIA and General Claire Chennault of the CIA's airline Civil Air Transport (CAT), Helliwell "also worked CIA operations in Central America as early as 1953–54. In those days, the target was Guatemala and its government."10

Like Chennault and his old associates from his days in China, Whiting Willauer and William Pawley, Helliwell then assisted the CIA in operations against Guatemala in 1954 and after 1960 against Castro. According to Drinkhall, "One former federal official who helped scrutinize Castle says, 'Castle was one of the CIA's finance channels for operations against Cuba.' Mr. Helliwell reputedly was one of the paymasters for the ill-fated Bay of Pigs invasion in 1961, as well as for other 'extensive' CIA operations throughout Latin America."11

As for ex-convict Wallace Groves' connection to the CIA, a number of CIA documents have since been released that confirm this relationship. According to one redacted document,

> The Wallace GROVES, mentioned in the attachments as being connected with Meyer LANSKY and the Mary Carter Paint Co./Resorts International, Inc., is identical with the Wallace GROVES who is the subject of OS file #473 865. This file reflects that from April 1966 to April 1972, GROVES was of interest to the [CIA] Office of General Counsel for the utilization of GROVES as an advisor or possible officer of one of the Project entities. Additional information in this file would suggest that GROVES was connected with Meyer LANSKY.12

I suspect that these "Project entities" involved the use of off-the-books funds not included in the authorized CIA budget.

Helliwell's Connection to Off-the-Books Operations

Since the publication of Drinkhall's article, almost every reference to Helliwell has described him as a paymaster for the Bay of Pigs, a claim that I am about to question. But a sense of the scale of Helliwell's financial involvement with the CIA can be gathered from the CIA's sequestering of almost $5 million from another Helliwell-related entity, Intercontinental Diversified (I.D.C.). Drinkhall again:

> Although there is no reference to the CIA in the SEC proceeding concerning Intercontinental, a former CIA official in a recent interview made an astonishing statement. He said that between 1970 and 1976, almost $5 million of Intercontinental funds was siphoned out for the agency's use "because we had friends there." Indeed the CIA apparently had a better arrangement than mere friendship. CIA documents show that Wallace Groves, the founder of Intercontinental and holder of 46% of its shares until he sold his interest for $33.1 million in 1978, was secretly working for the CIA from 1965 to 1972.

Assuredly, bankers do not transfer millions of dollars out of friendship. A more credible speculation is that Helliwell was the paymaster not for officially authorized operations such as the Bay of Pigs but for dispensing funds from off-the-books operations.

Jonathan Marshall once wrote categorically that "Helliwell laundered CIA funds through the Bahamas-based Castle Bank."13 But this claim may require clarification. I.D.C. was a spin-off from an Asian company, Benguet Mining, that was represented by Helliwell's firm and partly owned by the Philippine dictator Ferdinand Marcos.14 Thus, payments from Asia reached I.D.C., and it is my speculation that it was these off-the-books funds rather than funds from the congressionally authorized CIA budget that were used by Helliwell to finance off-the-books operations.15 What particularly catches one's eye is that the years 1970–1976, when CIA withdrew funds from I.D.C., are also the years that U.S. narcotics officials detected a major "Manila connection" delivering Golden Triangle heroin to the United States.16 The Manila kingpin of this connection, Lim Seng, "invested his profits in a portfolio of securities, including stock in Benguet mines."17

The question arises, was the CIA taxing the drugs earnings of Lim Seng in the Bahamas in the same way that it was allowing its Laotian client Ouane Rattikone to tax opium shipments out of Laos?

We don't know for what purpose Helliwell withdrew I.D.C. funds. One purpose may have been political payoffs, starting in the Bahamas itself: "In the early 1970s, IRS agents reported evidence, gleaned from

taped conversations, that Intercontinental, operating through Castle Bank, had paid Bahamas Prime Minister Lyndon O. Pindling $100,000 to grant the holding company a two-year extension of its [Grand Bahama] casino gambling license."18

But the CIA as well as the casino had a penchant for corruption, and Castle was only one part of a network of banks and agents corrupting governments worldwide. Thus, Castle

> also did mysterious transactions with a Cayman Islands firm, ID Corp. ID's sole owner, the American Shig Katayama, became known as one of the key facilitators of Lockheed Corp.'s huge payoffs to Japanese politicians in return for airplane contracts. Of Katayama one Japanese journalist charged, "his real job (in the early 1950s) was to handle narcotics for the U.S. intelligence work."19

By the 1960s if not earlier, the CIA was using its global connection to distribute nongovernmental funds through agents of influence like Adnan Khashoggi and Yoshio Kodama in the form, for example, of payoffs added into international Lockheed sales contracts.20 In May 1965, five months before the anti-Sukarno coup of September 1965, Lockheed and Rockwell payoffs in Indonesia were redirected from two supporters of President Sukarno to two new middlemen who were backing the anti-Sukarno General Suharto.21 After the CIA-supported 1965 coup and massacre saw the replacement of Sukarno by Suharto, one of these two middlemen, Mohamed "Bob" Hasan, became one of the two leading financial allies of the Suharto family.22

This was at a time when "Congress had agreed to treat U.S. funding of the Indonesian military (unlike aid to any other country) as a covert matter, restricting congressional review of the president's determinations on Indonesian aid to two Senate committees, and the House Speaker, who were concurrently involved in oversight of the CIA." Thus, Lockheed payments passed through middlemen who were used to frustrate the expressed will of the U.S. Senate, which passed a resolution to cut off military aid to Indonesia altogether.23

Helliwell's Connections to the Mob

But if Helliwell's CIA connections were big time, his connections to the mob and particularly Meyer Lansky were no less so. The Bank of Perrine was the preferred depository of Lansky funds reaching America from the Bank of World Commerce (BWC) in the Bahamas, established by Lansky's point man John Pullman in 1961.24 One of the BWC's directors was Alvin Malnik, Lansky's heir in Miami Beach, and a stockholder was Ed Levinson, a business partner of Lyndon Johnson's Senate aide Bobby Baker, whose title, before he was arrested and convicted for tax evasion, was the secretary of the

Democratic majority in the U.S. Senate.25 Helliwell had a second Lansky connection as legal counsel for the small Miami National Bank, used by Meyer Lansky to launder his foreign profits and skim from the Las Vegas casinos.26

Although usually described as a mob bank controlled by Lansky, the BWC opened on to an international scene in which the CIA had an interest. Funds reached it from the International Credit Bank in Switzerland, which had been founded by the Israeli gunrunner Tibor Rosenbaum and acted "as banker to joint business ventures of European Jews and the state of Israel. But it also financed the acquisition and movement of weapons to Israel and its allies, particularly in Africa and central America, and reputedly acted as paymaster for Mossad, the Israeli secret service, in Europe."27

According to Alan Block, Pullman's bank had another subsidiary in the Bahamas, "united in some shadowy way with Intra Bank in Beirut, Lebanon." Intra owned the Casino de Liban, "whose gambling concession was controlled by Marcel Paul Francisi, France's top heroin dealer. Some investigators were convinced that Lansky and Francisi were partners in heroin racketeering, and that Lansky and his associates had a piece of the casino as well."28 Francisi in turn teamed with a local Lebanese exporter of morphine base, Sami El Khoury, who in turn had "a long-term business relationship" with Lucky Luciano in Sicily, Lansky's prewar ally in New York City and now a major European trafficker.29

Sami El Khoury had protection from the Lebanese police and possibly the CIA as well. Alfred McCoy saw official correspondence of the Federal Bureau of Narcotics discussing, in August 1963, "whether to use Sami El Khoury as an informant now that he had been released from prison."30 One of the two correspondents of the Federal Bureau of Narcotics, Dennis Dayle, later told James Mills that El Khoury, "among the top international traffickers of all time," did become an informant.31 And in the 1990s, Dennis Dayle, having retired as a top Drug Enforcement Administration (DEA) investigator in the Middle East, told an antidrug conference that "in my 30-year history in the Drug Enforcement Administration and related agencies, the major targets of my investigations almost invariably turned out to be working for the CIA."32

The Castle Bank was yet another "dual purpose laundromat" serving both the CIA and the mob. The mob's interest in Castle was seriously understated in Jim Drinkhall's *Wall Street Journal* article, which mentioned only that among a lengthy list of account holders at Castle were "three men—Morris Dalitz, Morris Kleinman, and Samuel A. Tucker—who have been described in Justice Department documents as organized crime figures."33 (Kleinman and Helliwell had numerous real estate investments in common with Burton Kanter, the Chicago

lawyer who, with Helliwell, organized Castle Bank.34)

Alan Block suggests that in fact Castle became an active bank when it was necessary rapidly to transfer funds from Mercantile Bank and Trust in the Bahamas, another Helliwell bank that, "like Castle . . . was a conduit for CIA money"35 and was about to go under. The funds were moved "at the vigorous urging" of Kanter, "because among the accounts in peril was one held by Morris Kleinman, a notorious organized crime figure since the days of Prohibition. On this matter, Castle's president, Sam Pierson . . . stated it had to be done or 'Kanter will end up face down in the Chicago River.'"36

Kanter seems to have specialized in handling the tax aspects of legitimating mob wealth. In addition to founding Castle Bank with Helliwell, he was "energetically at work in California" on the La Costa real estate development, which also involved former Cleveland syndicate member Moe Dalitz, "a part owner of several gambling casinos, including the Desert Inn and the Stardust Hotel."37 Block links Kanter to La Costa's ability to receive major funding from the corrupt Teamsters Central States Pension Fund: "Kanter's access to the Pension Fund likely came from Allen Dorfman, a friend and business associate. Murdered in 1985 to prevent him from talking about mob investments, Dorfman was an important Fund official and racketeer."38

The CIA, the Mob, and Off-the-Books Operations

Helliwell was not the only CIA connection to the Mafia, nor was he the most highly placed. Plots to assassinate Castro in 1960 were initiated from the CIA's Office of Security through a go-between, Robert Maheu, whose independent business had been launched with the help of an Office of Security retainer. It was Maheu who transmitted the CIA assassination proposal to John Roselli and Sam Giancana, who in turn brought in Santo Trafficante.39

A more ongoing relationship to the mob, if a less murderous one, was maintained by the CIA's Counterintelligence (CI) Staff chief, James Angleton. He too used a go-between—the New York lawyer Mario Brod—who, according to a CIA memo, was a CI Staff agent in New York City from 1952 to 1971.40 One of the sensitive CI Staff agents handled by Brod in New York was Jay Lovestone, the AFL-CIO International Affairs Chief who transmitted funds to strong-arm gangs in Marseille allied with Corsican drug traffickers who were part of the Lansky–Luciano global drug connection.41

According to Doug Valentine, Lovestone's assistant Irving Brown was implicated in drug smuggling activities in Europe at the same time that he used CIA money to establish "a 'compatible left' labor

union in Marseilles with Pierre Ferri-Pisani. On behalf of Brown and the CIA, Ferri-Pisani (a drug smuggler connected with Marseilles crime lord Antoine Guerini), hired goons to shellack striking Communist dock workers."42

Lovestone, a former communist turned militant anticommunist, together with his mentor David Dubinsky of the International Ladies' Garment Workers' Union, had also fought the creation of the more militant CIO union movement in the 1930s, and the United Auto Workers (UAW) of Walter and Victor Reuther in particular.43 The rival UAW-AFL, which Lovestone favored, turned to mobsters for muscle and hired as its New York regional director John Dioguardi, a member of the Lucchese mafia family.44 Dioguardi was later blamed by U.S. Attorney Paul Williams for the blinding of labor journalist Victor Riesel and the subsequent murder of the man who threw acid in Riesel's face.45

Another sensitive agent handled by CI Staff agent Brod, Angleton's go-between with the mob, was the Russian defector Anatoliy Golitsyn, whom Angleton segregated from the regular CIA bureaucracy in his unending search for a high-level mole inside the CIA. Angleton (according to his biographer Tom Mangold) was "quietly building an alternative CIA," with its own communication system, archive, and vault, using very dubious information from Lovestone and Golitsyn. The heart of this alternative CIA was CI's "inner sanctum: the super-secret Special Investigation Group" (CI/SIG), where were assembled files to show that Henry Kissinger and Averell Harriman were possible KGB moles.46

A third sensitive agent handled by Brod was Herbert Itkin, a controversial double agent working with the mob on the one hand and CIA and FBI on the other. But like Itkin, Brod himself "had contacts with the Mafia."47 A CIA flap occurred in 1970 when Itkin was being used by the Justice Department and FBI to prosecute a number of mob figures with one-time connections to Havana, such as James Plumeri, Ed Lanzieri, and Sam Mannarino, for illegal kickback arrangements with the Teamsters. The U.S. attorney telephoned the CIA's legal counsel to advise that Mario Brod had entered the courtroom in order to work with the defense.48

According to court records, "The defense sought to call Mario Brod, who was described as Itkin's contact with the Central Intelligence Agency. It was stated that Brod would testify that he would not believe Itkin under oath and that Itkin's reputation for truthfulness was bad."49 The CIA's legal counsel concurred with the U.S. attorney's steps to block Brod from testifying. His office noted Brod's explanation of his behavior for the record: "One of the defendants by the name of Lenzieri [*sic*; i.e., Edward "the Buff" Lanzieri] was Brod's only contact inside the Mafia who would alert Brod if he was in

personal danger."50

But Brod may have been acting out of more than self-interest, for it has been suggested that some of the Mafia defendants in the kickback trials also had a deeper CIA connection, even if off the books. According to Dan Moldea, two of the defendants, John La Rocca and Gabriel Mannarino, had been involved in Cuban gunrunning operations with Hoffa, and he suggests that Hoffa persuaded La Rocca and Mannarino, along with two other kickback defendants (Salvatore Granello and James "Jimmy Doyle" Plumeri), "to cooperate with the agency."51 Moreover, all the defendants in the kickback trials where Itkin testified and Brod tried to intervene for the defense were members of so-called paper locals in the Teamsters (and earlier the UAW-AFL), controlled by Plumeri's nephew, John Dioguardi.

In June 1975, six months after the leak about Angleton and Operation CHAOS that led to Angleton's ouster, *Time* magazine alleged that the CIA had used Brod's Mafia contacts, Plumeri and Granello, "to do some spying in Cuba in preparation for the 1961 Bay of Pigs invasion."52 (I have found no corroboration for *Time*'s claim in released CIA documents.)

Like Brod, Angleton himself allegedly had Mafia contacts and on at least one occasion intervened to prevent another part of the CIA from investigating the banking of illegal Lansky skim from Las Vegas. A senior official in Robert Kennedy's Justice Department asked John Whitten, the CIA's one-time chief of the Mexico/Panama desk in the Western Hemisphere Division, to investigate numbered bank accounts in Panama because Las Vegas gamblers were using them to smuggle cash, "which they skimmed off the top of their daily take." Using his CIA pseudonym "John Scelso," Whitten testified to the Church Committee about Angleton's actions.

> At that time we were in an excellent position to do this. . . . I thought it was a great idea. And promptly this came to Mr. Angleton's attention, and we had to brief him on it, and he said, well, we're not going to have anything to do with this. This is the Bureau's [FBI's] business. And whammo, end of conversation. We were called off. I went to Colonel J.C. King, who was at that time the Chief of the WH Division, and told him this, and J.C. King said . . . well, you know, Angleton has these ties to the Mafia, and he is not going to do anything to jeopardize them. And then I said, I didn't know that. And he said, yeah, it had to do with Cuba.53

Angleton's defense of Lansky's skim cannot be separated from his second function in the CIA: as handler of the Israel desk. Angleton's connections with Mossad dated back to World War II, when he had coordinated OSS operations in Italy with the Jewish underground headed locally by Teddy Kollek (later Israel's mayor of Jerusalem).54

Angleton's "Alternative CIA" and Its Legacy

Moreover, CI/SIG, the "inner sanctum" of Angleton's "alternative CIA," affected U.S. history significantly in 1963. Its so-called 201 or personality file on "Lee Henry Oswald" (the man known to the world as Lee Harvey Oswald) had been filled with false and falsified information since it was opened in December 1960. And two messages in the 201 file were falsified again in October 1963 in such a way as to allow Oswald to be a credible "designated suspect" in the assassination of John F. Kennedy one month later.55

The falsification of Oswald's 201 file may have originated as a legitimate counterintelligence operation. I have argued that the uniquely falsified messages were part of a so-called marked card or barium meal test to determine if and where leaks of sensitive information were occurring. This was a familiar technique and was the responsibility of the CI/SIG, which was responsible for the 201 file.56

But by October 1963 we see signs that CIA messages on Oswald were also being manipulated in order to enable him to become a designated suspect in the November 22 assassination of President Kennedy. A CIA teletype to the FBI in October 1963 (drafted by a CI/SIG officer) withheld the obviously significant information that Oswald had reportedly met in Mexico City with a Soviet vice-consul, Valeriy Kostikov, believed by CIA officers to be an officer of the KGB.57 This withholding helped ensure that Oswald would not be subjected to surveillance by the FBI after the alleged encounter, surveillance that presumably could have limited his ability to become a designated suspect by his presence at a particularly sensitive corner in Kennedy's Dallas parade route. I have argued that in 2000–2001 similar CIA withholding from the FBI of information about two alleged 9/11 hijackers, Nawaz al-Hazmi and Khalid al-Mihdhar, likewise made it possible for them to play the role of designated suspects by preventing FBI surveillance as well.58

CIA Director William Colby forced Angleton to resign from the CIA in the post-Watergate climate of December 1974, following public revelations about Angleton's involvement in the CIA's possibly illegal Operation CHAOS (the surveillance of Americans in the United States). This spelled the end of Angleton's "alternative CIA" in the CI Staff. For about another year leaks like the one we saw about CIA links to Brod's mobsters continued to expose (and in this way help terminate) the morass of CIA links to Cuban exile terrorists and other members of the global drug connection.

But in 1976 the climate changed dramatically after Donald Rumsfeld and Dick Cheney, in the so-called Halloween massacre (managed from President Ford's White House), replaced CIA Director Colby with George H. W. Bush and sent Rumsfeld from the White House to be secretary of defense.59 If 1975 was the post-Watergate

year of dramatic disclosures about CIA involvement with Cuban exiles and mobsters in assassination efforts, 1976 was the year in which mob-connected Cuban exiles and the Chilean intelligence agency DINA, both involved in drug trafficking, indulged in a wave of terrorist killings protected by the CIA. These included the blowing up of a civilian Air Cubana airliner and the assassination in Washington of former Chilean foreign minister Orlando Letelier.60

However, the CIA was now no longer the sole or perhaps even the chief point of U.S. contact with the DINA-sponsored international Operation Condor, which carried out multiple killings. American ambassador to Paraguay Robert White, a career State Department official whose antipathy to these murders cost him his job after Reagan was elected, heard from the Paraguayan Armed Forces Commander that "intelligence chiefs from Brazil, Argentina, Chile, Bolivia, Paraguay, and Uruguay used 'an encrypted system within the U.S. [military] telecommunications net[work],' which covered all of Latin America, to 'coordinate intelligence information.'"61

Henry Kissinger, who in 1976 was in his last year as secretary of state, played at best an equivocal role in relation to this wave of right-wing violence. Before lecturing Chile publicly in Santiago for its human rights violations ("The condition of human rights . . . has impaired our relationship with Chile and will continue to do so."), Kissinger privately assured Pinochet that he was compelled by U.S. politics to say this and that in fact his main concern was the move in the U.S. Congress to cut off aid to Chile.62

American protection and even support for the terrorists of 1976 has continued to the present day. Luis Posada Carriles, the principal architect of the Air Cubana bombing, "served prison time in Venezuela for the Cubana bombing," and "later, in the 1980s, he worked again on behalf of the CIA in Central America, helping to coordinate the Contra supply network."63 Posada was arrested and convicted again in Panama in 2000 for an assassination attempt on Fidel Castro, this time with Guillermo Novo, one of Letelier's murderers. Both men were promptly pardoned by Panama's outgoing president.64 In May 2008, Posada was honored by 500 fellow Cuban Americans at a sold-out gala in Miami after charges against him for illegal entry into the United States were thrown out by a federal judge in Texas.65

CIA Director Bush also promoted his friend Theodore Shackley, who for years had handled the CIA's maverick Cuban exiles in Miami. According to Kevin Phillips, "In late 1976, Bush had also protected wayward or hot-triggered Agency operatives—veterans of everything from Chilean assassinations to Vietnam's Phoenix Program and improper domestic surveillance—from indictment by President Ford's Justice Department."66

But the spirit of post-Watergate restraint returned to the CIA under

President Carter and his CIA director, Admiral Stansfield Turner. Thanks largely to a series of leaks about his friend, Edwin Wilson, Shackley's standing in the CIA diminished until he left in 1978.67

However, it is the argument of William Corson and Joseph Trento that the spirit of an alternative and more activist CIA survived under recently retired Shackley, who, as we saw earlier, was the protégé of one-time OPC operative Desmond Fitzgerald. Trento writes that Shackley was supported by the shah of Iran's Safari Club (see the following discussion) and by Richard Helms, U.S. ambassador to Iran. The regular CIA station chief in Iran "repeatedly complained that Helms seemed to be running his own intelligence operations out of the embassy" and that CIA veterans who had worked under CIA officer Theodore Shackley "formed the cadre of a private, shadow spy organization within America's official intelligence service."68

Helliwell, Castle, and the Overworld

We have not yet dealt with the overworld connections of Castle Bank. The most affluent depositors there "were members of the fabulously rich Pritzker family from Chicago, clients of the Kanter firm."69 Block observes that the Pritzkers, whose vast holdings include the Hyatt hotel chain, also obtained a loan from the Teamsters Pension Fund for a hotel-casino investment in Nevada and that "Jimmy Hoffa and Allen Dorfman worked personally on Pritzker loans."70

Kanter and Castle Bank also planned developments with other members of the overworld, such as Henry Ford II and his wife, Christina.71 Mercantile, the predecessor bank to Castle, represented investments from two shipping magnates: the billionaire Daniel K. Ludwig and the extremely wealthy Norwegian shipbuilder Inge Gordon Mosvold, who was perhaps fronting for Ludwig.72

Mercantile and Castle interlocked closely with another Helliwell Bahamas bank, eventually called Underwriters Bank, Limited. Here the majority holder with 95 percent was the American insurance conglomerate American International Underwriters Corp., which began as part of the insurance empire headed by former OSS agent C. V. Starr and is today part of the giant multinational AIG. Block correctly reports that American International Underwriters Corp. (now AIG) "was an insurance conglomerate with suspected ties to the C.I.A. in Southeast Asia," and was "believed to have had a hand in Intelligence work in Southeast Asia."73

We saw in chapter 3 how the C. V. Starr group was represented in Washington by Thomas ("Tommy the Cork") Corcoran, and it was headed after World War II by Corcoran's former law partner, William S. Youngman. It thus interlocked with the so-called Chennault circle

(or Chennault's "Washington squadron"), the powerful cabal put together with Roosevelt's blessing in 1940 to enable the equipment, staffing, and financial support of General Claire Chennault's Flying Tigers in China.74

Corcoran had been a key figure in Washington since the 1930s, when he headed "FDR's informal intelligence service and international spy operations long before there was an OSS."75 By the 1950s, when he was said by *Fortune* to maintain "the finest intelligence service in Washington," his lobbying activities had become intimately involved with influencing CIA covert operations:

> Most of [his clients] are companies with international interests and he has a choice clientele in this field. It includes United Fruit Co., American International Underwriters Corp. (part of the C. V. Starr interests in Asia and elsewhere) and General Claire Chennault's Civil Air Transport, Inc. In late 1951 Corcoran, for one example, was working his intelligence service overtime keeping up with American policy on Iran—what the State Department did in this affair would be a guide to what it might or might not do to keep his client, United Fruit, from being thrown out of Guatemala.76

Helliwell and Corcoran played a crucial role together in the prolongation of Chennault's Asian influence, when the two men persuaded Frank Wisner of OPC to purchase and refinance Chennault's postwar airline CAT (later the CIA proprietary Air America). Also figuring in this important decision was William Pawley, a key figure in Chennault's so-called Washington squadron during World War II.77 Together with Sea Supply Inc., Helliwell's other creation, CAT became the chief logistic infrastructure for the KMT drug-trafficking troops in Burma.78

Helliwell and the Politics of Influence

Helliwell and Corcoran's law firm, Corcoran and Rowe, also cooperated with William Donovan in using Thai money to influence Congress. Helliwell himself was a key organizer for the Republican Party in Florida, helping to win the state for Eisenhower in 1952 and thus launching the Republican ascendancy in the South. (Helliwell later became close to Nixon's companion, Bebe Rebozo.79)

Corcoran and Rowe, meanwhile, were Democrats, the latter close to the upcoming Texas senator Lyndon Baines Johnson. Corcoran in the 1940s had managed the accounts and political business of Chiang Kai-shek's brother-in-law, T. V. Soong, who by diverting millions in Chinese gold to his California accounts (and possibly also from drugs) had become one of the richest men in the world.80

Together with Soong, Corcoran lobbied successfully for a lend-lease program to Nationalist (Koumintang [KMT]) China and to a private American Volunteer Group recruiting pilots from the armed forces for

a private company headed by Corcoran's friend, William Pawley. In fact, the pilots were being recruited to fight in China as part of Chennault's irregular air force for Chiang Kai-shek and the KMT:81 "In effect, Corcoran was running an off-the-books private war in which a private company, China Defense Supplies, was diverting some of the war materiel destined for China to a private army, the American Volunteer Group."82

After the war, Soong, Corcoran, and Pawley became strong backers of the pro-KMT China Lobby.83 The State Department officers unfortunate enough to be entered in T. V. Soong's "black book" became targets of the purges conducted by J. Edgar Hoover and later Joseph McCarthy.84

The Soong-backed China Lobby's fortunes declined dramatically with those of McCarthy in 1954. At this point, as we saw in chapter 4, Corcoran and Donovan, who had previously collaborated on Chennault's pro-KMT activities, collaborated again to maintain the flow of funds from Asia to influence Congress. The new source was the Thai dictator, Phao Sriyanon, a major beneficiary of the KMT drug network established by Helliwell, Sea Supply, and CAT.85 (At the time of his death as an exile in Switzerland, Phao was said to be "one of the richest men in the world."86)

Helliwell, Resorts International, and the Politics of Corruption

Helliwell also handled real estate investments for the Lansky crowd:

> Among the Florida real estate companies that benefited from Helliwell's sleight of hand was General Development Corporation, controlled by Louis Chesler, a Florida real estate developer and associate of Lansky, and "trigger Mike" Coppola, a Lansky crony. Chesler was the partner of Wallace Groves. . . . Chesler and Groves were partners in a gambling venture with Resorts International, through a Grand Bahamian company whose counsel was the law firm of Helliwell, Melrose, and DeWolf.87

Resorts International, formerly the Mary Carter Paint Company controlled by James Crosby, was the majority owner of a Bahamas resort, Paradise Island, which was unable to obtain a license until Wallace Groves was brought in as a partner in 1966. Robert Peloquin, then a U.S. Justice Department official, wrote in response to this change of ownership that "the atmosphere seems right for a Lansky skim." Years later, "lawyers for New Jersey's Gaming Enforcement Division would oppose the granting of a gambling license to Crosby and his company [Resorts International], citing 'links with disreputable persons and organizations,' and specifically their record on Paradise Island."88

Like Helliwell and Groves, so Resorts International was part of the

global CIA–mob connection. According to a 1976 CIA memorandum included in its Meyer Lansky Security file, "Resorts International, Inc., is the Subject of OS [Office of Security] file #591 722. This file reflects that Resorts International, Inc. was of interest to Cover and Commercial Staff, DDO [Operations Directorate], in 1972 and 1973."89

As the same CIA memo makes clear, this was after a 1969 book, *The Grim Reapers* by Ed Reid, had exposed the company's connections to Wallace Groves and, through its casino manager Eddie Cellini, to what the CIA memo called "the gambling activities of the organized crime boss Meyer LANSKY."90 Resorts International, in other words, occupied a "cutout" intermediary role between the CIA and Eddie Cellini, just as Tibor Rosenbaum's International Credit Bank mediated between Mossad and Meyer Lansky. As we shall see shortly, a similar cutout role between the CIA and Cellini was performed in 1960 by the CIA's Bay of Pigs leader, Tony Varona.

The year 1972, in which Resorts became "of interest" to the CIA, was also the year in which Meyer Lansky was indicted in Miami along with Dino Cellini (Eddie's brother). One of the charges in the indictment was that "in 1968 Lansky maintained at least some control over running junkets (a profitable part of a casino operation) to the Paradise Island Casino."91 I shall argue later that both Resorts and the Lansky indictment may have been "of interest" to the CIA in these two years because of the showdown at that time between Nixon and the CIA in the wake of the Watergate break-in.

The CIA may have been aware of the allegations, which surfaced in 1972, that funds from the Paradise Island casino were being secretly carried to Nixon and his friend Bebe Rebozo by a casino employee. This was Seymour (Sy) Alter, on the one hand an associate of Lansky and his man Eddie Cellini and on the other "a friend of Nixon and Rebozo since 1962."92 The funds came from the Paradise Island Bridge Company, a company partly owned by an officer of Benguet International, the firm represented by Paul Helliwell.93 It is likely that Nixon himself had a hidden interest in the Bridge Company, which might explain the revelation through Operation Tradewinds that a "Richard M. Nixon" (not otherwise identified) had an account at Helliwell's Castle Bank.94

The CIA, Eddie Cellini, Edward K. Moss, and the CIA–Mafia Plots

But there was more to the CIA–Resorts connection. Back in 1967, the Resorts casino (at that time Paradise Island) had hired as its casino manager Eddie Cellini, who had formerly managed Lansky's casino in

Havana's Hotel Internacional.95 The year 1967 was the year that the CIA's inspector general, in his Report on CIA Plots to Assassinate Fidel Castro, had written that Eddie Cellini and his more famous brother Dino

> were believed to be in touch with [Tony] Varona [member of the CIA's front group for the Bay of Pigs Operation] . . . and were reported to have offered Varona large sums of money for his operations against Castro, with the understanding that they would receive privileged treatment "in the Cuba of the future."96

The inspector general's report was written to deal with the political flap raised by Jack Anderson's spectacular charge in 1967 that John F. Kennedy might have possibly been killed as the result of an assassination plot against Castro "which then possibly backfired" against Kennedy himself.97 Jack Anderson's ultimate source for the story was John Roselli, a mob member who feared that his past cooperation with the CIA on the assassination plots was not protecting him from an impending indictment and possible deportation.

As it happened, Roselli was eventually convicted in 1969 for his role in a card-cheating operation. And in 1968, after being visited by Trafficante on his way to Hong Kong (see chapter 5), Roselli was also tried and convicted of maintaining an illegal residence in the United States and ordered deported to Italy. It might then seem either that Roselli never enjoyed a CIA immunity from the law or that it had lapsed. However, the fact remains that Roselli never was deported to Italy; instead, he was murdered in Florida in 1976, three months after testifying to a Senate committee about the John F. Kennedy assassination.98 We may never know if Trafficante's visit to Roselli in January 1968 involved specific drug deals, the need to shift drug supplies from Turkey to Asia, their legal problems, or all these topics together.

Researcher Alan A. Block also notes that it was strangely imprudent of Paradise Island to have hired Eddie Cellini in 1967, when it had just weathered an organized crime scandal of its own.99 But the CIA was facing the even bigger organized crime scandal raised by Jack Anderson's column, and the I-G Report had just told CIA Director Helms that Cellini was possibly a go-between in the assassination plots between the two plot principals Varona and Santos Trafficante.100 One possibility is that Resorts hired Cellini to ensure that he would not join Roselli in going public.

There is an important FBI report reproduced without demurrer in a CIA document contained in its Lansky Security file, which as released is almost devoid of references to Lansky but could very well be called a file on the CIA–Mafia plots.101 According to this FBI report, the contact between Varona and the Cellini brothers, representing the mob, was through a Washington public relations agent named Edward

K. Moss:

> Verona [*sic*] has taken on Edward K. Moss as his assistant for raising funds to finance operations against Castro. . . . Julia Cellini is alleged to be Moss' mistress and operates a secretarial service [that] is really a front for Edward K. Moss' activities. . . . Julia Cellini's brother, Dino Cellini and his brother (first name unknown), are active fronts for two of the largest casinos that operated in Cuba until the Batista regime. . . . It is alleged that the Cellini brothers are in close contact with Tony Verona [*sic*] through Edward K. Moss and have offered to contribute considerable sums of money (reported as high as two million dollars) through Edward K. Moss to Tony Verona to finance operations against the Castro regime with an understanding that they would have the major slice "in the Cuba of the future."102

According to the same CIA memo, Moss was a past president of the Public Relations Society of America. At the same time, according to a verbal report from Dun and Bradstreet to then–CIA agent Edwin P. Wilson, "Moss' operation seems to be government contracts for the underworld and possibly surfaces Mafia money in legitimate business activities."103

All this supplies some context to the decision of the CIA Office of Security, on November 7, 1962, to secure a Covert Security Approval for the use of Moss by the Political Action Group of the CIA's Covert Action staff.104 This of course was more than a year after the FBI had advised the CIA that reportedly "the Cellini brothers are in contact with Varona through Moss and have offered to contribute as high as two million dollars to finance anti-Castro operations."105 Furthermore, FBI information sent to the CIA indicated that Moss's mistress Julia Cellini and her brother Dino Cellini were alleged to be procurers, while "the Cellini brothers have long been associated with the narcotics and white slavery rackets in Cuba."106 The CIA itself had notified the FBI on December 16, 1960, that Julia "Cellino" had advised that her brothers "have long been associated in the narcotics and white slavery rackets in Cuba."107

Still further FBI information indicated that Dino Cellini "was formerly associated with Joseph Francis Nesline WFO [i.e., Washington] top hoodlum, in a gambling operation."108 I have written elsewhere how Meyer Lansky and Joe Nesline "systematically used sexual blackmail [i.e., through white slavery] to compromise a number of people in Washington who were politically influential."109

The CIA remembered that Moss was a questionable character; a memo of November 28, 1962, referred to his "'unscrupulous and unethical' business practices."110 According to the I-G Report and other memos, "A memorandum prepared by CA [Covert Action] staff in 1965 states that records do not show any use made of Moss,"111 but this carefully worded language would not of course rule out use made of Moss off the books. In fact, the Moss folder's documents confirm the CIA's interest in him, and many documents concern Julia,

Eddie, Dino, and Goffredo Cellini.

The documents concerning Moss, the Cellinis, and Varona are very revealing. The FBI alerted the CIA to their relationship and the offer of $2 million to Varona "in view of the serious implications of [mob] infiltration of this CIA-supported activity [against Castro]."112 On January 23, 1961, the FBI communicated its concerns to the new attorney general, Robert Kennedy, then in office for less than a week.113

The response of the CIA was the opposite of what decorum might expect: instead of distancing itself from Moss and his associates, the CIA warmed to them. The CIA arranged for poison pills to be supplied via the Mafia to Varona, who in February 1961 became the point man in the CIA–Mafia plot to kill Castro.114 In 1962, Varona was selected again to participate, as ZRRIFLE-2, in William Harvey's renewed assassination plots against Castro.115 And in the same year, as we have seen, the CIA took steps to use Moss himself.

More on the CIA, Moss, and the Politics of Corruption: Adnan Khashoggi

The indirect relationship of the CIA to Moss through a cutout (Varona) appears to have survived into the 1970s. By this time the cutout was Adnan Khashoggi, who for a while (like T. V. Soong and Phao Sriyanon before him) was known as "the richest man in the world." Khashoggi was also listed in the Kerry-Brown BCCI Report as one of the "principal foreign agents of the U.S.," and at some point in the 1970s he engaged Edward K. Moss as his public relations agent.

Khashoggi replicated the politics of corrupt influence through money and sex, which we have already encountered. His contributions to Nixon's election campaigns—some legal, some illicit—were investigated by the Senate Watergate Committee. Khashoggi is said by some to have given $1 million to Nixon covertly in 1972, allegedly in a briefcase that he "mistakenly" left behind in Nixon's San Clemente residence.

In addition, Khashoggi is known to have deposited several million dollars (some say $200 million) in the bank of Nixon's friend Bebe Rebozo.116 He then "withdrew all but $200,000 of it in the form of checks written to 'cash' and signed over to the Sands Hotel" in Las Vegas.117 It was as if Khashoggi were using the Sands as his personal Laundromat. Known as "the biggest high roller ever to hit Las Vegas," Khashoggi would lose as much as $250,000 in one fling.118

The Sands was one of the Las Vegas casinos originally part owned in secret by Meyer Lansky and from which proceeds were skimmed to be deposited (as we saw) in the Miami National Bank.119 In the 1970s

the Sands was now owned by Howard Hughes; but two veterans of the Lansky era, Carl Cohen and Jack Entratter, continued to work in the casino.120 Khashoggi meanwhile involved in his business deals the manager of Hughes's Vegas properties, F. William Gay; and eventually, when Hughes was spirited secretly out of Vegas by Gay to Wallace Groves's resort in Freeport, Bahamas, it was in Khashoggi's plane.121

Even in the Hughes era, Las Vegas casinos continued to be preferred sites for the laundering of money (disguised as gambling losses). This practice was so well established that eventually, in Operation Casablanca, U.S. Customs actually created a fake casino near Las Vegas at which top-level Mexican bank officials congregated and "avidly discussed how to handle the latest half-billion dollars in drug proceeds already on hand."122 In one important case, thousands of dollars in money wrappers from the Stardust casino (mentioned previously) were found on a suspected drug-smuggling plane in Florida.123

There are also reports that in addition to money, Khashoggi "used sex to win over U.S. executives." The bill for the madam who supplied girls en masse to his yacht in the Mediterranean ran to hundreds of thousands of dollars.124

The CIA's interest in Khashoggi and Moss was not limited to the accessible funds the two men had. By the 1970s, Moss was chairman of the elite Safari Club in Kenya, where he invited Khashoggi in as majority owner.125 And as former Saudi intelligence chief Prince Turki bin Faisal once revealed publicly, the intelligence chiefs of a group of countries (France, Egypt, Saudi Arabia, Morocco, and Iran under the shah) met regularly at the Safari Club to conduct covert operations that the CIA was unable to carry out in the wake of the Watergate scandal and subsequent reforms.126

CIA officers such as Miles Copeland and James Critchfield became part of Khashoggi's milieu. They advised Khashoggi on diplomatic initiatives, such as a proposed Mideast Peace Fund that would reward both Israel and Palestine for recognizing each other.127 Khashoggi had the ability to negotiate with the Israelis; he is said to have been introduced to the Israelis by former gunrunner Hank Greenspun, the politically influential editor of the *Las Vegas Sun*.128

In general, Khashoggi represented the postwar emigration offshore of immense wealth and the power it conveyed. He served as a "cutout," or representative, in a number of operations forbidden to those he represented. Lockheed, for one, was conspicuously absent from the list of military contractors who contributed illicitly to Nixon's 1972 election campaign. But there was no law prohibiting their official representative, Khashoggi, from cycling $200 million through the bank of Nixon's friend Bebe Rebozo.129

All this suggests that the CIA's interest in Moss—as later in Khashoggi, in Wallace Groves, in the previously mentioned "Operation ," and in Eddie Cellini's employers at Resorts International—had to do with irregular funding for off-the-books covert operations. And if any such funds were passed, the context suggests that the man fingered to handle them would have been Paul Helliwell, the man who the *Wall Street Journal* reported was "'deeply involved' in financing a series of covert forays between 1964 and 1975 against Cuba."130

Helliwell, Castle Bank, Bruce Rappaport, and BCCI

Through this rapid survey of Helliwell's banks, we have seen that he was central to a connection between the worlds of intelligence, organized crime, global drug trafficking, political influence, and speculative investment, often in hotel-casinos, with overworld figures. But the connection was not one engineered by Helliwell alone; there were other powerful people in the background, some of whom would maintain the connection after Helliwell died in 1976 (just as Castle Bank was beginning to attract the attention of journals like *Newsweek*).

One of the most important may have been former OSS Chief William Donovan (about whom we shall have more to say). According to Pete Brewton,

> One of the attorneys in the *One Flew Over the Cuckoo's Nest* case made the statement that Kanter was introduced to Helliwell by General William J. "Wild Bill" Donovan, the famous leader of the OSS during World War II, and Helliwell's OSS boss. Kanter denied that. "I personally never met Bill Donovan. I believe I may have spoken to him once by phone at Paul Helliwell's request."131

Another OSS figure, more directly involved, was Helliwell's partner in the Florida bank holding company (called HMT and later Florida Shares) that owned the Bank of Perrine and the Bank of Cutler Ridge. This was

> E.P. Barry, who had been a U.S. military intelligence officer in the Office of Strategic Services (OSS) during World War II. By the end of the war, he was the head of U.S. Counterintelligence (X-2) in Vienna. . . . Barry . . . was a longtime associate of [CIA Director] William Casey, according to a Castle Bank officer.132

Barry was simultaneously a key shareholder in Florida Shares and in the Inter Maritime Bank of Bruce Rappaport, a close friend and business associate of William Casey. Rappaport, an oilman and oil tanker broker "thought to have ties to U.S. and Israeli intelligence," had numerous connections to the world's largest-ever intelligence-drug laundromat—BCCI.133 The Gokal shipping family of Pakistan, leading BCCI investors who later contributed to BCCI's bankruptcy, were also shareholders with Rappaport and Barry in the Inter

Maritime Bank.134 Alfred Hartmann, a board member of BCCI, was both vice chairman of Rappaport's Swiss bank, Bank of New York-Intermaritime, and also head of BCCI's Swiss subsidiary, the Banque de Commerce et de Placements (BCP).135

And according to Block and Weaver, "Rappaport worked the National Bank of Oman (a BCCI/Bank of America joint venture), helping funnel millions of CIA and Saudi dollars to Pakistan for the Afghan rebels during its 1980s war with the Soviets."136 Rappaport's key man in Oman was Jerry Townsend, an alleged former CIA operative who now ran Colonial Shipping Co. in Atlanta, where he knew BCCI associate Bert Lance.

BCCI and an Israeli intelligence agent were also involved in Medellín arms sales via a "melon farm" in Antigua partly financed by William Casey's friend, Bruce Rappaport:137

> Bruce Rappaport . . . owned the land on which Maurice Sarfati, a former Israeli military officer, set up his melon farm. And one of Rappaport's banks in Antigua made a large loan to Sarfati—which was never repaid. Sarfati (who also walked away from a loan guaranteed by OPIC, the U.S. government insurance agency) took it from there, first cultivating government officials and then providing entree to their offices to his compatriot Yair Klein.
>
> Klein's work [was] in Colombia, where his Israeli-licensed "security" company, Spearhead Ltd . . . trained the hit squads of the Medellin cocaine cartel in assassination and bombing techniques, was beginning to attract unwelcome attention. . . . In 1988, Klein was in Antigua, looking for a new way to provide arms to his Medellin client, Jose Gonzalo Rodriguez Gacha.138

Rappaport's apparent links to Mossad raise the question whether Helliwell's connections to Lansky's BWC and Tibor Rosenbaum did not also constitute a connection to Mossad. The same question is raised by Helliwell's legal representation (according to the *Martindale-Hubbell Legal Register*) of the Eastern Development Company: a firm of this name cooperated with Lansky, Hank Greenspun, and others in the supply of arms to the nascent state of Israel.139

It is clear that Jews were, like many other minorities, a constituent in the global drug connection. More important, they were an important part of the financial infrastructure of that connection—but even at this level they did not operate alone. The global drug connection combined Jewish banks in Florida and Switzerland with those of Teochew, Fujian, and Hokkien Chinese in Southeast Asia and Hong Kong; the Muslims of Bank Intra and later BCCI in the Middle East; and, furthermore, Italian banks, like those of Michele Sindona and Roberto Calvi, both members of the intelligence-linked Masonic Lodge P-2 and both murdered after their banks failed from Mafia involvement.140 It is my impression that none of these ethnic minority elements ever surpassed in power the dominant role of figures from the mainstream, like Donovan and Helliwell.

(As a person deeply committed to nonviolence, I also have to

acknowledge that the violence of the ethnic groups in the global drug connection, although later powerful and indeed intelligence related, had its origins in redressive violence, against a system dominated above all by European and American interests.)

One of these mainstream figures was the mysterious E. P. Barry, an investor with both Helliwell and Rappaport. One of the very few things known about Barry is that he was in OSS during World War II and that toward the end of the war Donovan appointed him head of OSS Counterintelligence (X-2) in Vienna.141

OSS X-2, or Counterintelligence, was the most secretive and highly classified of the OSS branches and the one whose precise mission was to penetrate the German Sicherheitsdienst [SD].142 According to a 1946 OSS Report, "An equally interesting X-2 activity was the investigation of RSHA [SD] financial transactions" (Operation Safehaven).143 In the course of these investigations, the U.S. Third Army took an SD major "on several trips to Italy and Austria, and, as a result of these preliminary trips, over $500,000 in gold, as well as jewels, were recovered."144 Some of the Nazi gold recovered under Barry's supervision was subsequently used to finance U.S. intelligence operations in Germany in the immediate postwar years.

Barry, with this intriguing background, represents the continuity between the Helliwell intelligence–drug connection, which flourished until 1972 (the year the IRS's Operation Tradewinds began to investigate the Bank of Perrine), and the BCCI intelligence–drug connection, which flourished after 1972 (the year BCCI was founded).

Like Khashoggi before it, BCCI had the ability to broker Arab–Israeli–China arms deals as well as its contacts to Western intelligence and politicians. Indeed, the bank seems to have largely inherited Khashoggi's function as an agent of influence in the Middle East and elsewhere after the United States, by the Corrupt Federal Practices Act of 1978, outlawed direct payments by U.S. corporations to foreign individuals.145

BCCI also inherited and vastly expanded Khashoggi's use of money to influence and corrupt American politicians. BCCI's Pakistani president, Agha Hasan Abedi, rescued Jimmy Carter's treasury secretary, Bert Lance, from bankruptcy and thereby developed a relationship with Carter himself.146

A Senate report on BCCI concluded that

> BCCI's systematically relied on relationships with, and as necessary, payments to, prominent political figures in most of the 73 countries in which BCCI operated. . . . The result was that BCCI had relationships that ranged from the questionable, to the improper, to the fully corrupt with officials from countries all over the world, including Argentina, Bangladesh, Botswana, Brazil, Cameroon, China, Colombia, the Congo, Ghana, Guatemala, the Ivory Coast, India, Jamaica, Kuwait, Lebanon, Mauritius, Morocco, Nigeria, Pakistan, Panama, Peru, Saudi Arabia, Senegal, Sri Lanka, Sudan, Suriname, Tunisia, the United Arab Emirates, the United States, Zambia, and

And from two well-researched books by journalists from *Time* and the *Wall Street Journal*, we learn that among later highly placed recipients of largesse from BCCI, its owners, and its affiliates were Ronald Reagan's treasury secretary, James Baker, who declined to investigate BCCI,148 and Democratic Senator Joseph Biden and Republican Senator Orrin Hatch, the ranking members of the Senate Judiciary Committee, which declined to investigate BCCI.149

The CIA, BCCI, and a "Long Tradition of Shady Banks"

But Barry is not the only link between the drug banks of Helliwell and BCCI. A more central figure is General George Olmsted, the head of the Washington bank holding company known as the International Bank.150 In March 1973, Olmsted had the International Bank (which "had a reputation as a CIA bank") buy 66 percent of the capital stock of the failing Mercantile Bank in the Bahamas (Castle's predecessor), even though "International's officers knew the actual state of Mercantile's financial health."151 Starting in 1977, International started to sell its stock in Financial General Bankshares (later known as First American), a major American bank holding company, to BCCI front men, who later took over First American for BCCI.152

The most common explanation is that the CIA not only used the bank but also had helped develop it. Journalists Peter Truell and Larry Gurwin, the authors of the definitive book on BCCI, speculated that the CIA's relationship with its founder, Agha Hasan Abedi, might have gone back to before BCCI's founding in 1972. They observed also that BCCI was only the latest in an overlapping series of money-laundering banks that did services for the CIA—Deak & Company, Castle Bank & Trust, and Nugan Hand.153

The Global Connection and Narcotics

One of these interlocking banks, the World Finance Corporation in Florida, became the target of "perhaps the largest narcotics investigation of the decade." But the investigation, "involving scores of federal and state agents, had to be scrapped after a year because the CIA complained to the Justice Department that a dozen top criminals were 'of interest' to it."154

Another drug-linked bank was the Australian Nugan Hand Bank, which chose as auditor Price Waterhouse in the Bahamas in 1976, the year that both Castle and Mercantile were collapsing.155 After its spectacular collapse in 1980, Australian investigators concluded that

Nugan Hand had been involved in the financing of major drug deals as well as the laundering of profits: two official investigations "placed Nugan Hand in the critical role of surreptitiously transferring drug income overseas, where it obviously could be reinvested in more illegal drugs."156

Nugan Hand collected an impressive number of former CIA officers and war veterans allied with them, including its "mysterious puppetmaster" Bernie Houghton, who during the Vietnam War allegedly "ferried C-47s, cargo airplanes, from Thailand,"157 and former CIA Director William Colby. Of particular interest is the involvement with Nugan Hand of Thomas Clines, a CIA officer in Laos with Vang Pao under Theodore Shackley who later resigned to work in the outsourced intelligence network of Edwin Wilson. When the Nugan Hand Bank collapsed spectacularly in 1980 (with the suicide or murder of Frank Nugan), it was Thomas Clines who helped spirit Houghton quietly out of Australia.158 The two men, along with Edwin Wilson and Theodore Shackley and BCCI, then participated in off-the-books covert operations against the Soviets in Afghanistan working not for the CIA but for the Safari Club.159

The Nugan Hand office in Chiang Mai, when the main business of the city was opium trafficking, was on the same building floor as the local office of the DEA. According to Jonathan Kwitny, "The DEA receptionist answered Nugan Hand's phone and took messages when the bank's representatives were out." Nugan Hand's representative there, Neil Evans

> has said he was present when Michael Hand and Ron Pulger-Frame—the former Deak & Company courier who went to work at Nugan Hand—discussed the shipment of CIA money to the Middle East, Saudi Arabia, and Panama. Evans has said Nugan Hand moved $50 to $60 million at a time for the CIA, and also that Nugan Hand was involved in Third World arms deals.160

Evans also told Australian television that the millions he handled were "garnered from the drugs transiting the area. The bank, he put it starkly, was a 'laundry' for Meo [Hmong] tribesmen and other poppy growers."161

In *The Road to 9/11*, I describe how Casey's reliance on BCCI to distribute U.S. assistance to the Afghan mujahideen fighting the Russians led to most aid reaching the faction of Gulbuddin Hekmatyar, the leading drug trafficker in Afghanistan who soon (thanks to aid from the United States and Pakistan) became perhaps the leading heroin trafficker in the world.162

This pattern of a drug connection repeated itself in the 1990s after the Soviet Union withdrew from Afghanistan, and BCCI collapsed soon thereafter. We have seen that in Azerbaijan (under oil company cover), three veterans of CIA operations under Shackley and Clines in

Laos, Richard Secord, Heinie Aderholt, and Ed Dearborn, set up an airline on the model of Air America that soon was "picking up hundreds of mujahideen mercenaries from Afghanistan."163 The Arab Afghans' Azeri operations were also financed with Afghan heroin.

Loretta Napoleoni has argued that there is an Islamist drug route of al-
Qaeda allies across north-central Asia, reaching from Tajikistan and Uzbekistan through Azerbaijan and Chechnya to Kosovo.164 This leads us to the paradoxical fact that in 1998, Clinton came to the support of the al-Qaeda–backed Kosovo Liberation Army (KLA). He did so even though "in 1998, the U.S. State Department listed the KLA . . . as an international terrorist organization, saying it had bankrolled its operations with proceeds from the international heroin trade and from loans from known terrorists like Osama bin Laden."165

Finally, if former FBI translator Sibel Edmonds is to be believed, this same flow of heroin has been financing the corruption of Congress under George W. Bush. Edmonds was fired from the FBI in 2002 after accusing a colleague of being a security threat. She has since contested her firing in a whistle-blower suit which the government has blocked by invoking the State Secrets privilege. She has also been prohibited from speaking publicly about her case.

According to Daniel Ellsberg, Edmonds's concern is the al-Qaeda connection described by Napoleoni:

> Al Qaeda, she's been saying to Congress, according to these interviews, is financed 95% by drug money—drug traffic to which the U.S. government shows a blind eye, has been ignoring, because it very heavily involves allies and assets of ours—such as Turkey, Kyrgyzstan, Tajikistan, Pakistan, Afghanistan—all the 'Stans—in a drug traffic where the opium originates in Afghanistan, is processed in Turkey, and delivered to Europe where it furnishes 96% of Europe's heroin, by Albanians, either in Albania or Kosovo—Albanian Muslims in Kosovo—basically the KLA, the Kosovo Liberation Army which we backed heavily in that episode at the end of the century. . . . Sibel says that suitcases of cash have been delivered to the Speaker of the House, Dennis Hastert, at his home, near Chicago, from Turkish sources, knowing that a lot of that is drug money.166

More recently, she told Philip Giraldi, in an interview published in the *American Conservative*, that "there were certain forces in the U.S. government who worked with the Turkish paramilitary groups, including Abdullah Çatli's group." Either the State Department or the CIA was running

> a Central Asia operation that involved bin Laden. Not once did anybody use the word "al-Qaeda." It was always "mujahideen," always "bin Laden" and, in fact, not "bin Laden" but "bin Ladens" plural. There were several bin Ladens who were going on private jets to Azerbaijan and Tajikistan. The Turkish ambassador in Azerbaijan worked with them.
>
> There were bin Ladens, with the help of Pakistanis or Saudis, under our management. Marc Grossman was leading it, 100 percent, bringing people from East Turkestan into Kyrgyzstan, from Kyrgyzstan to Azerbaijan, from Azerbaijan some of them were being channeled to Chechnya, some of them were being channeled to Bosnia. From Turkey,

they were putting all these bin Ladens on NATO planes. People and weapons went one way, drugs came back.

GIRALDI: Was the U.S. government aware of this circular deal?
EDMONDS: 100 percent. A lot of the drugs were going to Belgium with NATO planes. After that, they went to the UK, and a lot came to the U.S. via military planes to distribution centers in Chicago and Paterson, New Jersey. Turkish diplomats who would never be searched were coming with suitcases of heroin.
GIRALDI: And, of course, none of this has been investigated.167

In 2005, Sibel Edmonds's charges were also partly aired in *Vanity Fair*. There it was revealed that she had had access to FBI wiretaps of conversations among members of the American-Turkish Council about bribing elected U.S. officials and about "what sounded like references to large-scale drug shipments and other crimes."168

Conclusion: A Continuous Succession of Drug-Related Deep Events

Mafias and empires have certain elements in common. Both can be seen as the systematic violent imposition of governance in areas of undergovernance. Both use atrocities to achieve their ends, but both tend to be tolerated to the extent that the result of their controlled violence is a diminution of uncontrolled violence. (I would tentatively suggest an important difference between mafias and empires: that, with the passage of time, mafias tend to become more and more part of the civil society whose rules they once broke, while empires tend to become more and more irreconcilably at odds with the societies they once controlled.)

In this book, we have seen an overlap between the infrastructures of the American Mafia and the indirect American empire. And in this chapter, I have attempted to describe the epicenter of this overlap in a milieu, expanding at its outer limits into a global nexus that I have called the global drug connections, with intimate links to both the U.S. underworld and the U.S. overworld. The nexus links U.S. intelligence to the intelligence services of many other countries, including Taiwan, Israel, Italy, and Chile. It also oversees financial contributions to the leading politicians of many countries, including both parties of the United States.

I believe that nearly all the major deep events in American history since the Korean War can be linked to this global drug connection. (In addition, as I shall argue in chapter 9, most of the major conflicts in which the United States has engaged since 1950—Laos in 1959, Afghanistan in 1979 and again 2001, and even Colombia in 1989—have been preceded by an engineered deception event that once again can repeatedly be attributed to the global drug connection.169)

—The first postwar U.S. presence in East Asia was established in

conjunction with the drug-financed KMT in Taiwan.

—The U.S. presence in Southeast Asia began with Sea Supply's support for KMT drug traffickers in eastern Burma, then expanded in the mid-1950s with the drug-financed Police Aerial Reinforcement Unit (PARU) into Laos, while the CIA secured Saigon by controlling drug distribution there.

—The interlocking finance company Deak & Company, founded by OSS veteran Nicholas Deak, "was reportedly used by the CIA to finance covert operations, including the 1953 overthrow of democratically elected Iranian Prime Minister Mohammed Mossadeq."170

—The 1954 overthrow of democratically elected Guatemalan President Jacobo Arbenz was achieved partly with the support of Nicaraguan dictator Anastasio Somoza, a major figure in Lansky's arms pipeline to Israel in the 1940s and whose Guardia Nacional was deeply involved in Caribbean drug trafficking thereafter.

—The introduction of CIA covert forces in Laos in 1959–1960, which eventually grew into a drug-financed irregular army of tens of thousands, was achieved with a force that grew out of the Sea Supply operation in Thailand. The CIA's private war in Laos, which President Kennedy sought vainly to contain, was the true starting point of the U.S. war in Vietnam.171

—Angleton's "alternative CIA," CI/SIG, manipulated and falsified its "intelligence" about Lee Harvey Oswald in such a way as to prepare him to be the designated suspect in the assassination of President John F. Kennedy.

—The overthrow of democratically elected Indonesian President Sukarno in 1965 was achieved in part by covert assistance through Lockheed Corporation payoffs and in part by the intervention of Sasakawa Ryoichi, a CIA agent of influence, along with his friend Kodama Yoshio, with the *yakuza* in Japan.172 Sasakawa and Kodama were also recipients of Lockheed payoffs facilitated partly by Deak & Company and partly on the scene by Shig Katayama, whose ID Corp. in the Cayman Islands conducted mysterious business transactions with Helliwell's Castle Bank.173

—BCCI provided the initial infrastructure for the CIA intervention in Afghanistan in 1979 and the ensuing alliance with the major drug trafficker Gulbeddin Hekmatyar. Pakistan's President Zia arranged for Zbigniew Brzezinski, Carter's national security adviser, to work with Lieutenant-General Fazle Haq, while a BCCI informant told U.S. authorities that Fazle Haq was "heavily engaged in narcotics trafficking and moving the heroin money through the [BCCI] bank."174 Hekmatyar in the next decade received more CIA aid than any other CIA asset before or since.

—In 1970, a CIA officer with the pseudonym Henry J. Sloman, who

was also “a high-risk smuggler directly linked to the Mafia,” was dispatched to Chile, where he became involved with the right-wing plotting to assassinate General René Schneider, commander in chief of the Chilean army.175

—Orlando Letelier was murdered in Washington in September 1976 by a team including Cuban exile drug traffickers said to be working for the drug-financed Chilean intelligence agency DINA. Although the U.S. government was already aware of DINA’s Operation Condor for such foreign-based murders, CIA Director Bush chose publicly to deflect suspicion away from DINA.176

—According to Robert Parry, Alexandre de Marenches of the Safari Club arranged for William Casey (a fellow Knight of Malta) to meet with Iranian and Israeli representatives in Paris in July and October 1980, where Casey promised delivery to Iran of needed U.S. armaments in exchange for a delay in the return of the U.S. hostages in Iran. (This was the so-called Republican October Countersurprise.) Parry suspects a role of BCCI in both the funding of payoffs for the secret deal and the subsequent flow of Israeli armaments to Iran.177

—In 1981, Mehmet Ali Agˇca, a member of the Turkish drug-trafficking Grey Wolves, attempted to assassinate Pope John Paul II. *Le Monde diplomatique* later reported that the assassination attempt was organized, at the request of Turkish mafia chief Bekir Celenk, by Abdullah Çatli, a drug-trafficking Grey Wolf leader of death squads for Turkish intelligence. *Le Monde diplomatique* added that Çatli conducted underground operations for the Turkish branch of the CIA’s Gladio (stay-behind) organization and that one year later Çatli visited Miami with the notorious Operation Condor killer, Stefano delle Chiaie.178

—Shackley, Khashoggi, and BCCI were instrumental in inaugurating the illegal Iran-Contra connection of 1985–1986, which diverted funds from arms sales to Iran to support of the Contras in Honduras and Costa Rica.179

—The looting of Russia during the Yeltsin era in the 1990s saw funds channeled through Rappaport’s Inter Maritime Bank into the Bank of New York, where Rappaport also had an important if not controlling interest.180

—In 1991, Shackley’s colleague Richard Secord created an airline in Azerbaijan that arranged to fly in hundreds of mujahideen from Afghanistan recruited by Gulbuddin Hekmatyar.181

—American support for the KLA in 1998, a group backed by al-Qaeda and financed in part by drugs, led to revelations that for years at least one of the KLA leaders had had a longtime relationship with the U.S. private military company MPRI.182 (As late as 1997, the KLA had been recognized by the United States as a terrorist group supported in part by the heroin traffic.)

(The list could be indefinitely expanded. For example, the

conversion of Australia into a dependable U.S. ally can be dated to the fall of democratically elected Labor Prime Minister Gough Whitlam in 1975, in which Penny Lernoux and others have seen the hidden hand of the Nugan Hand Bank.183)

This deep continuity underlying U.S. expansion since World War II helps make credible the startling phenomenon described in this book —namely, that deep events such as the Kennedy assassination and 9/11 are not unrelated or the product of forces attacking America from outside. Rather, at least in part, they surface into public awareness out of the deep connection described in this chapter, a connection whose presence is ongoing but almost completely unacknowledged.

Further Conclusion: The Increasing Threat to Stable Democracy

But when this list of covert interventions and deep events is viewed synoptically, a pattern can be seen of increasing deviation from the policies of the public state. The assistance of the global connection for the CIA's interventions in Iran (1953) and Guatemala (1954) was in support of operations previously sanctioned by the NSC (and, before that, the Council on Foreign Relations).

But the drug-financed evolution of a CIA-trained force in Thailand into an offensive force invading Laos was an operation explicitly *not* authorized by the NSC. As Daniel Fineman has noted,

> JCS [Joint Chiefs of Staff] preference for direct aid to French forces forced the NSC in September [1953] to authorize implementation of only phase one ["strengthening Thailand's will and ability to resist"], postponing indefinitely execution of the provisions in phase two taking the psychological war to neighboring countries.184

And the falsification of Oswald's file by Angleton's CI/SIG, although it may have been initially authorized as a legitimate tool in the search for an alleged mole in the CIA, eventually facilitated the successful assassination of John F. Kennedy and the ensuing cover-up. At this point, the global connection was no longer simply a force acting in support of the public American state; it had developed relations with forces attacking the public state. And by this time the global drug connection in Asia was supplying troops for the increasingly offensive American war machine.

This pattern of increasing deviation can be used to refine our notion of the American deep state. Initially, the deep state can be identified with the OPC, the creation (invisible at the time) of the NSC that facilitated the original Helliwell–CIA–mob connection. With the absorption of OPC into the CIA in 1953, the hard-edged American deep state ceased for many years to exhibit the relatively coherent and

disciplined concentration of authority that one sees in the deep states of Turkey or Italy or Colombia or at one time in Chile and Argentina. Its nebulous connection to legitimate power had principally shrunk to Angleton's "alternative CIA," and even this ceased when Angleton was fired in December 1974.

But according to Joseph Trento, the connection was indirectly restored by a "shadow CIA" working for the Safari Club and Saudi intelligence, and by the 1980s this shadow CIA "was not only working for the Israelis but also was involved in covert operations from Central America to Iran."185 By this time a Shackley associate and OPC veteran, Richard Stilwell, the former overseer of Operation Paper, was working in the Pentagon to establish the Joint Special Operations Command (JSOC).186 JSOC was partly designed to escape the congressional oversight which the Church Committee reforms had imposed on the CIA.

It is certain that, with the blessing of Casey—who had his own direct contacts with Rappaport, BCCI, and the global drug connection —Shackley, Khashoggi, and their contacts led to Iran-Contra.187 At least one member of Shackley's group, Richard Secord, then created an airline that brought Islamist mujahideen to Afghanistan. Another, neoconservative Michael Ledeen, contributed not only to Iran-Contra but also, with Donald Rumsfeld and Dick Cheney, to the creation of the Project for the New American Century.188

Indeed, the decision of William Casey to work with the global connection and, more specifically, BCCI and Theodore Shackley's contacts in Iran-Contra cannot be fully understood by focusing on the history of the global drug connection alone. Casey's actions must be seen in the context of what Irving Kristol has called the intellectual counterrevolution of the 1970s, of the successful reversal of Kissinger's and Carter's moves toward détente with the Soviet Union, and of the post-Watergate reforms introduced by Senator Frank Church and others. As I have written elsewhere, a key moment was the so-called Halloween massacre in 1975, which saw, among other things, the firing of Angleton's nemesis, William Colby, the appointment of Rumsfeld to secretary of defense, and the end of Kissinger's long tenure as national security adviser.189

By 1976, the intellectual counterrevolution had consolidated a new anti-Kissinger coalition consisting of 1)Cheney and Rumsfeld inside the Ford administration, 2) the Committee on the Present Danger lobbying for a vastly increased defense budget, and 3) neoconservatives like Richard Perle and Paul Wolfowitz, who came together to work against Kissinger's SALT agreements and (with the help of the CIA's new director, George H. W. Bush) to radically escalate the CIA's estimate of the Soviet threat. Casey played an important role in this anti-Soviet coalition, and in 1976 he joined the

Committee of the Present Danger along with longtime members of the global connection like Ray Cline (Helliwell's old OSS associate from Kunming), Jay Lovestone, and George Olmsted.

The antigovernment bias of the new neoconservative right has extended to increased dislike for the CIA, now seen as an enemy rather than an ally.190 But even the new outsourced forces of violence in private security companies like Blackwater have recruited from the violent resources of the old global drug connection—specifically, in Blackwater's case, from the paramilitary forces in countries like Colombia.191

In short, the recourse to the illicit violence of the global drug traffic, which began in the panicked early years of the Cold War, has continued ever since to increase and metastasize until it is now an increasing threat to constitutional democracy. It is not easy for most people to understand this. In the short run, illicit violence breeds the redressively violent opposition that justifies its existence—so that today the private security companies in Iraq and Afghanistan earn multi-million-dollar contracts to fight the resistance they themselves have provoked.

But the new system of indirect empire does not appear to be a stable one: if there is a momentary respite in Iraq, it is because opposing cadres have found it more fruitful to fight in Afghanistan. Rather, indirect empire is a violent substitute for politics to deal with situations that only politics can ameliorate.

If this country were serious in wishing to deal with the problem of terrorism, it would seek to reduce rather than increase the oppression that is producing redressive violence in Afghanistan, Iraq, Chechnya, Kashmir, Lebanon, and Palestine. The present course is more likely to aggravate the deteriorating status quo and also to accelerate the waning of American resources, influence, and goodwill, even among our allies.

Is it utopian to think that the present course can be corrected? Probably yes, as long as most Americans believe that 9/11 was an attack engineered solely by a group of malevolent Arabs. But a saner policy might ensue if it were shown that 9/11, as Sibel Edmonds has intimated, was a deep event involving elements from America's global drug connection.

What I have called America's global drug connection has been responsible in the past for global terrorist activities like Operation Condor and also for consolidating drug networks as so-called parallel governments in countries like Laos, Pakistan, Lebanon, Turkey, and Colombia. For decades this country has been largely in denial about U.S. complicity in this state of affairs, projecting responsibility for terrorism instead on the Soviet Union ("the Evil Empire") and more recently on Iraq and Iran ("the Axis of Evil").192

To overcome these decades of denial will not be easy. But it will be a necessary step toward diminishing terrorism and restoring a saner world.

8
Inside the War Machine

The Profiteers from Enduring Violence

> In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together.1

> My observation is that the impact of national elections on the business climate for SAIC [Science Applications International Corporation] has been minimal. The emphasis on where federal spending occurs usually shifts, but total federal spending never decreases. SAIC has always continued to grow despite changes in the political leadership in Washington.2

> We make American military doctrine.3

The Grand Chessboard Myth: Geopolitics and Imperial Folie de Grandeur

IN *The Road to 9/11*, I SUMMARIZED THE DIALECTIC OF OPEN SOCIETIES: how from their energy they expand, leading to a higher level of more secretive corporations and agencies, which eventually weaken the home country through needless and crushing wars.4 Some believe that America is already in the final stages of this process, which since the Renaissance has brought down Spain, the Netherlands, and Great Britain.

Much of what I wrote summarized the thoughts of writers before me such as Paul Kennedy and Kevin Phillips. But there is one aspect of the curse of expansion that I underemphasized: how dominance creates megalomanic illusions of insuperable control and how this illusion in turn is crystallized into a prevailing ideology of dominance. I am surprised that so few, heretofore, have pointed out that from a public point of view, these ideologies are delusional, indeed perhaps insane. In this chapter, I argue, however, that what looks demented from a public viewpoint makes sense from the narrower perspective of those within the war machine profiting from the provision of private entrepreneurial violence and intelligence.

The ideology of dominance was expressed for British rulers by Sir Halford Mackinder in 1919: “Who rules East Europe commands the Heartland; Who rules the Heartland commands the World Island; Who rules the World Island commands the World.”5 This sentence, though expressed after the power of Britain had already begun to decline,

accurately articulated the anxieties of imperial planners who saw themselves playing "the Great Game" and who thus in 1839–1842 sacrificed an entire British army in the wilderness of Afghanistan.

Expanded by Karl Haushofer and other Germans into the alleged "science" of geopolitics, this doctrine helped to inspire Hitler's disastrous *Drang nach Osten*, which in short order terminated the millenary hopes of the Nazi Third Reich. One might have thought that by now the lessons of Napoleon and Hitler would have subdued all illusions that any single power could command the "World Island," let alone the world.

Kissinger for one appears to have learned this lesson when he wrote that "by geopolitical, I mean an approach that pays attention to the requirements of equilibrium."6 But (largely because of his commitment to equilibrium in world order) Kissinger was swept aside by events in the mid-1970s, leading to the triumph of the global dominance mind-set, as expressed by thinkers like Zbigniew Brzezinski.7

Brzezinski himself has recognized how his machinations in Afghanistan in 1978–1979 produced the responses of al-Qaeda and jihadi terrorism. Asked in 1998 whether he regretted his adventurism, Brzezinski replied,

> Regret what? The secret operation was an excellent idea. It drew the Russians into the Afghan trap and you want me to regret it? On the day that the Soviets officially crossed the border, I wrote to President Carter, saying, in essence: "We now have the opportunity of giving to the USSR its Vietnam War."
>
> *Nouvel Observateur*: "And neither do you regret having supported Islamic fundamentalism, which has given arms and advice to future terrorists?"
>
> Brzezinski: "What is more important in world history? The Taliban or the collapse of the Soviet empire? Some agitated Muslims or the liberation of Central Europe and the end of the Cold War?"

When asked whether Islamic fundamentalism represented a world menace, Brzezinski replied, "Nonsense!"8

In some ways the post-Afghanistan Brzezinski has become more moderate in his expectations for U.S. power: he notably warned against the Gulf War in 1990 and also Vice President Cheney's agitations when in office for some kind of preemptive strike against Iran. But he has never retracted the Mackinderite rhetoric of his 1997 book *The Grand Chessboard*, which revives the illusion of "controlling" the Eurasian heartland:

> For the first time ever, a non-Eurasian power has emerged not only as a key arbiter of Eurasian power relations but also as the world's paramount power. The defeat and collapse of the Soviet Union was the final step in the rapid ascendance of a Western Hemisphere power, the United States, as the sole and, indeed, the first truly global power. . . .
>
> For America, the chief geopolitical prize is Eurasia. . . . Now a non-Eurasian power is preeminent in Eurasia—and America's global primacy is directly dependent on how long

and how effectively its preponderance on the Eurasian continent is sustained. . . .

To put it in a terminology that harkens back to the more brutal age of ancient empires, the three grand imperatives of imperial geostrategy are to prevent collusion and maintain security dependence among the vassals, to keep tributaries pliant and protected, and to keep the barbarians from coming together.9

This kind of brash talk is not unique to Brzezinski. Its call for unilateral dominance echoed the 1992 draft Defense Planning Guidance prepared for Defense Secretary Cheney by neoconservatives Paul Wolfowitz and Lewis "Scooter" Libby ("we must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role").10 It is echoed both in the 2000 Project for the New American Century study, "Rebuilding America's Defenses," and in the Bush-Cheney National Security Strategy of September 2002,11 and it is epitomized by the megalomanic Joint Chiefs of Staff strategic document Joint Vision 2020: "Full-spectrum dominance means the ability of U.S. forces, operating alone or with allies, to defeat any adversary and control *any situation* across the range of military operations."12

Such overblown rhetoric is out of touch with reality, dangerously delusional, and even arguably insane. It is, however, indicative of U.S. goals and the allocation of national resources to pursue them. And it is useful, even vital, to those corporations who have become accustomed to profiting from the Cold War and who faced deep cuts in U.S. defense and intelligence spending in the first years after the collapse of the Soviet Union. They are joined by other groups (discussed later in this chapter) that also have a stake in preserving the dominance mind-set in Washington. These include the new purveyors of privatized military services, or what can be called entrepreneurial violence, in response to defense budget cuts.

The delusional grandiosity of Brzezinski's rhetoric is inherent above all in the false metaphor of his book title. "Vassals" are not chess pieces to be moved effortlessly by a single hand. They are human beings with minds of their own, and among humans an unjust excess of power is likely if not certain to provoke not only resentment but also, ultimately, successful resistance. One can see this easily in Asia, for example, from the evolution of anti-Americanism in Iran.

The notion of a single chess player is equally false, especially in central Asia, where dominant states (the United States, Russia, and China) and local states are all alike weak. Here major multinational corporations like BP and Exxon are major players. In countries like Kazakhstan and Azerbaijan, they dwarf and guide both local state power and also the U.S. governmental presence, whether official or covert. The true local powers are apt to be two that governments are notoriously inept at controlling: first, the "agitated Muslims," whom Brzezinski insanely derided, and, second, illicit trafficking, above all

drug trafficking.13

The Real Grand Chessboard: Those Profiting from Enduring Violence

Ultimately, however, Brzezinski is not constrained by his chess metaphor. The goal of a chess game is to win. Brzezinski's goal is quite different: to exert permanent restraints on the power of China and above all Russia. He has thus sensibly opposed destabilizing moves like a Western strike on Iran while supporting the permanent containment of Russia with a ring of Western bases and pipelines. (In 1995, Brzezinski flew to Azerbaijan and helped negotiate the Baku-Tbilisi-Ceyhan pipeline linking Azerbaijan to Turkey.14)

As I have argued elsewhere, Brzezinski (though he no doubt thinks to himself in terms of strategy) thus promotes a policy that very much suits the needs of the oil industry and its backers. These last include his patrons the Rockefellers, who first launched him and Kissinger into national prominence.15

In March 2001 the biggest oil majors (Exxon Mobil, Chevron, Conoco, and Shell) had their opportunity to design the incoming administration's energy strategies, including Middle East policy, by participating secretly in Vice President Cheney's Energy Task Force.16 The task force, we learned later, developed a map of Iraq's oil fields, with the southwest divided into nine "exploration blocks." One month earlier, a Bush National Security Council document had noted that Cheney's task force would consider "actions regarding the capture of new and existing oil and gas fields."17 Earlier the oil companies had participated in a nongovernmental task force calling for "an immediate policy review toward Iraq including *military*, energy, economic and political/diplomatic assessments."18

Of course, oil companies were not alone in pushing for military action against Iraq. After 9/11, Rumsfeld, Wolfowitz, and Douglas Feith established the Pentagon's neoconservative Office of Special Plans (OSP), which soon "rivalled both the C.I.A. and the Pentagon's own Defense Intelligence Agency, the D.I.A., as President Bush's main source of intelligence regarding Iraq's possible possession of weapons of mass destruction and connection with Al Qaeda."19 Neoconservative influence in the administration, supported by Lewis Libby in Vice President Cheney's office, trumped the skepticism of the CIA and the Defense Intelligence Agency (DIA): these two false charges against Saddam Hussein, or what one critic called "faith-based intelligence," became for a while the official ideology of the United States. Some, notably Dick Cheney, have never recanted.

Many journalists were eager to promote the OSP doctrines. Judith

Miller of the *New York Times* wrote a series of articles on Saddam's weapons of mass destruction (WMD), relying, like OSP itself, on the propaganda of Iraqi exile Ahmed Chalabi.20 Miller's book collaborator Laurie Mylroie went even further, arguing that "Saddam was not only behind the '93 Trade Center attack, but also every anti-American terrorist incident of the past decade, from the bombings of U.S. embassies in Kenya and Tanzania to the leveling of the federal building in Oklahoma City to September 11 itself."21 Many of these advocates, notably Feith, Libby, and Mylroie, had links to Israel, which, as much as any oil company, had reasons to wish for U.S. armies to become established militarily in central Asia.22

Private Military Contractors, Whose Business Is Violence for Profit

The inappropriateness of a military response to the threat of terrorism has been noted by a number of counterterrorism experts, such as retired U.S. Army Colonel Andrew Bacevich: "The concept of global war as the response to violent Islamic radicalism is flawed. We ought not be in the business of invading and occupying other countries. That's not going to address the threat. It is, on the other hand, going to bankrupt the country and break the military."23

Because of budgetary constraints and the unpopularity of wars with significant casualty rates, America has resorted to uncontrollable subordinates to represent its public power in these remote places. I shall focus chiefly in this chapter on one group of these, the so-called private military contractors (PMCs), who are authorized to commit violence in the name of their employers. These corporations are reminiscent of the marauding *condottieri*, or private mercenary armies contracted for by the wealthy city-states of Renaissance Italy.24

With the hindsight of history, we can see the contribution of the notoriously capricious *condottieri* to the violence they were supposedly hired to deal with. Some, when unemployed, became little more than predatory bandits. Others, like the celebrated Farinata, whom Dante placed in the Inferno, turned against their native cities. Above all, the de facto power accumulated by the *condottieri* meant that, with the passage of time, they came to dictate terms to their ostensible employers.25 (They were an early example of entrepreneurial violence, and the most common way of avoiding their path of destruction was "to buy reprieve by offering bribes."26)

To offset the pressure on limited Pentagon assets, Donald Rumsfeld escalated the increasing use of PMCs in the Iraq War. At one point as many as 100,000 personnel were employed by PMCs in the U.S. Iraq occupation, and by 2010 about the same number were employed in

Afghanistan. Some of them were involved in controversial events in both countries, such as the Iraq Abu Ghraib prison scandal, and the killing and burning of four contract employees in Fallujah. The Iraqi license of the most controversial firms, Blackwater, was terminated by the Iraqi government in 2007 after eight Iraqi civilians were gratuitously killed in a firefight that followed a car bomb explosion.27 (After much negative publicity, Blackwater renamed itself officially in 2009 as Xe Worldwide, but the original name is still used.)

Insufficiently noticed in the public furor over PMCs like Blackwater was the difference in motivation between them and the Pentagon. Whereas the stated goal of Rumsfeld and the armed forces in Iraq was to *end* violence there, the PMCs clearly had a financial stake in its *continuation*. Hence, it is no surprise that some of the largest PMCs were also political supporters for pursuing the ill-conceived "War on Terror."

Blackwater was the most notorious example; Erik Prince, its founder and sole owner, is part of a family that figures among the major contributors to the Republican Party and other right-wing causes, such as the Council for National Policy. His sister once told the press that "my family is the largest single contributor of soft money to the national Republican Party."28

Private Intelligence Companies and the Provision of Violence

Blackwater, an outgrowth of the American far right, has attracted the critical attention of the American mainstream media. But it was not the only piece on the grand chessboard, albeit it was one with the ability to influence the moves of the game. Far less notice has been given to Diligence LLC. Diligence, a company that unlike Blackwater interfaced heavily with Wall Street,

> set up shop in Baghdad [in July 2003] to provide security for companies involved in Iraqi reconstruction. In December, it established a new subsidiary called Diligence Middle East, and expanded its services to include screening, vetting and training of local hires, and the provision of daily intelligence briefs for its corporate clients.29

I propose to show that firms like Diligence were powerful enough not only to profit from the Iraq War and to aggravate it but also perhaps to help make it happen in the first place.

Certainly the political clout of Diligence has outshone and outlasted Blackwater's. Two of its founding directors (Lanny Griffiths and Ed Rogers) were also founders of the influential Republican lobbying team Barbour Griffiths and Rogers (later renamed BGR). Haley Barbour, the senior founder of BGR, also served as chairman of the Republican National Committee from 1993 to 1997.

Diligence LLC was licensed to do business in Iraq as a PMC. But it could be called a private intelligence contractor (PIC)30 since it is virtually a CIA spin-off:

> Diligence was founded by William Webster, the only man to head both the Central Intelligence Agency (CIA) and the Federal Bureau of Investigation. Mike Baker, its chief executive officer, spent 14 years at the CIA as a covert field operations officer specializing in counter-terrorism and counter-insurgency operations. Whitley Bruner, its chief operating officer in Baghdad, was once the CIA station chief in Iraq.31

Its partner in Diligence Middle East is New Bridge Strategies, whose purpose has been described by the *New York Times* as "a consulting firm to advise companies that want to do business in Iraq, including those seeking pieces of taxpayer-financed reconstruction projects."32 Its political clout was outlined in the *Financial Times*:

> New Bridge was established in May [2003] and came to public attention because of the Republican heavyweights on its board—most linked to one or other Bush administration [officials] or to the family itself. Those include Joe Allbaugh, George W. Bush's presidential campaign manager, and Ed Rogers and Lanny Griffith, former George H.W. Bush aides.33

The firm of Barbour, Griffith and Rogers was the initial funder of Diligence, which shares an office floor with BGR and New Bridge in a building four blocks from the White House. The *Financial Times* linked the success of New Bridge in securing contracts to their relationship to Neil Bush, the president's brother.34 When Mack McLarty, Clinton's White House chief of staff, resigned, he became a director of Diligence and also joined Henry Kissinger to head, until 2008, Kissinger McLarty Associates.

The oldest and perhaps the largest of the private defense contractors is Booz Allen Hamilton, a management consulting firm that in 1940 was hired by the U.S. military (in the word's of the company website) "to help prepare the nation for war, and later for peace." In 1953, Booz Allen was hired by the U.S. government to study and reorganize land ownership records in the Philippines in support of the counterinsurgency program there directed by CIA officer Edward Lansdale.35 In the 1950s the company also supplied a temporary home and nonofficial cover for the legendary CIA operative Miles Copeland, who later would act as case officer for the equally legendary CIA asset Adnan Khashoggi.36

By 2006 the company had 18,000 employees worldwide, including (according to *Information Week* in 2002) more than 1,000 former intelligence officers.37 It had a strong ally in Defense Secretary Donald Rumsfeld, who

> came to the office with intimate knowledge of Booz Allen's capabilities. In the 1970s, as director of the Office of Economic Opportunity during Richard Nixon's administration, he had hired Booz Allen to reorganize OEO and kill or outsource many of its programs.

> Under Rumsfeld, Booz Allen was so trusted that it was hired in 2004 to help prepare President Bush's national defense budget. . . . And as a consultant to Central Command, the company was at the center of the first preemptive war in U.S. history.38

Another commentator pointed out that, before getting the contract to prepare the budget, Booz Allen Hamilton had received more than $3 billion in Department of Defense contracts during the previous six years.39 And in the two final Bush years, Booz Senior Vice President Mike McConnell took a leave of absence to serve as the government's second director of national intelligence.

Another PIC is Science Applications International Corporation (SAIC), an $8 billion corporation involved in defense, intelligence community, and homeland security contracting. In the words of the veteran journalists Donald Barlett and James Steele,

> SAIC has displayed an uncanny ability to thrive in every conceivable political climate. It is the invisible hand behind a huge portion of the national-security state—the one sector of the government whose funds are limitless and whose continued growth is assured every time a politician utters the word "terrorism." SAIC represents, in other words, a private business that has become a form of permanent government. . . . [SAIC] epitomizes something beyond Eisenhower's worst nightmare—the "military-industrial-counterterrorism complex."40

(Later their article made it clear that SAIC is not a unified bureaucracy but rather more like a platform for individual entrepreneurship in obtaining contracts: "at SAIC your job fundamentally was to sell your high-tech ideas and blue-chip expertise to [any] government agency with money to spend and an impulse to buy."41)

Before becoming secretary of defense, Robert M. Gates was a member of SAIC's board of directors. SAIC personnel have also been recruited from the CIA, the National Security Agency, and the Defense Advanced Research Projects Agency:

> Scores of influential members of the national-security establishment clambered onto SAIC's payroll, among them John M. Deutch, undersecretary of energy under President Jimmy Carter and C.I.A. director under President Bill Clinton; Rear Admiral William F. Raborn [former CIA director under Johnson], who headed development of the Polaris submarine; and Rear Admiral Bobby Ray Inman, who served variously as director of the National Security Agency, deputy director of the C.I.A., and vice director of the Defense Intelligence Agency.42

SAIC helped supply the faulty intelligence about Saddam's WMD that then generated ample contracts for SAIC in Iraq:

> SAIC personnel were instrumental in pressing the case that weapons of mass destruction existed in Iraq under Saddam Hussein, and that war was the only way to get rid of them. When no weapons of mass destruction were found, SAIC personnel staffed the commission set up to investigate how American intelligence could have been so disastrously wrong, including Gordon Oehler, the commission's deputy director for review, a 25-year CIA veteran, Jeffrey R. Cooper, vice president and chief science officer for one of SAIC's sub-units and Samuel Visner, a SAIC vice president for corporate

development who had also passed through the revolving door and back to the NSA [National Security Agency]. David Kay, who later chaired the Iraq Survey Group (which showed that Hussein didn't possess WMD, thereby proving that the war was launched under false pretenses), is also an SAIC shareholder and former director of SAIC's Center for Counterterrorism Technology and Analysis.43

Needless to say, this SAIC-stuffed commission did not report that SAIC itself had been a big part of the problem. But according to Barlett and Steele, the same David Kay in 1998 told the Senate Armed Services Committee

> that Saddam Hussein "remains in power with weapons of mass destruction" and that "military action is needed." He warns that unless America acts now "we're going to find the world's greatest military with its hands tied."
>
> Over the next four years, Kay and others associated with SAIC hammered away at the threat posed by Iraq. Wayne Downing, a retired general and a close associate of Ahmad Chalabi, proselytized hard for an invasion of Iraq, stating that the Iraqis "are ready to take the war . . . overseas. They would use whatever means they have to attack us." In many of his appearances on network and cable television leading up to the war, Downing was identified simply as a "military analyst." It would have been just as accurate to note that he was a member of SAIC's board of directors and a company stockholder. . . .
>
> 9/11 was a personal tragedy for thousands of families and a national tragedy for all of America, but it was very, very good for SAIC. In the aftermath of the attacks, the Bush administration launched its Global War on Terror, whose chief consequence has been to channel money by the tens of billions into companies promising they could do something —anything—to help. SAIC was ready. Four years earlier, anticipating the next big source of government revenue, SAIC had established the Center for Counterterrorism Technology and Analysis. According to SAIC, the purpose of the new unit was to take "a comprehensive view of terrorist threats, including the full range of weapons of mass destruction, more traditional high explosives, and cyber-threats to the national infrastructure." In October of 2006 the company told would-be investors flatly that the war on terror would continue to be a lucrative growth industry.44

Barlett and Steele could have mentioned the SAIC senior analyst Fritz Ermarth, a longtime associate of Gates from his years in the CIA and later an official of the Nixon Center. Commenting in 2003 on Secretary of State Colin Powell's briefing to the UN Security Council, Ermarth praised Powell for his charges (repeating one of Judith Miller's false stories) about Saddam's acquisition of aluminum tubing "for centrifuges and not rocketry." Ermarth faulted Powell, however, for not mentioning two matters: Iraqi involvement in the World Trade Center bombing of 1993 (a charge by Laurie Mylroie now generally discredited) and that "during the 1970s and 1980s . . . the USSR and its allies supported terrorists in Western Europe and in Turkey" (alluding to the false charges, promoted at the time by Robert Gates and Claire Sterling, about Mehmet Ali Agˇca's attempted assassination of Pope Paul II).45

I certainly do not wish to suggest that SAIC single-handedly created the war machine's will to fight in Iraq. The combined efforts of defense contractors, oil companies, PMCs, and PICs created a mind-set for dominance in which all those eager for power were caught up,

including, I have to say, career-minded academics. In Iraq as in Afghanistan and as in Vietnam and Laos a generation earlier, a sure ticket to consultations in Washington was support for interventions that ordinary people could see would be disastrous.

The yea-saying of academics has approved even the privatization of intelligence that I have just been describing. According to the political scientist Anna Leander,

> Private firms not only provide, but also analyse intelligence. Private translators, analysts and "interrogators" are hired, as illustrated by the involvement of Titan and CACI in Abu Ghraib. Even more directly, private firms are hired in to assess threats and risks and suggest what to do about them. This involves constructing a security picture as done for example, by Diligence LLC and SAIC, two firms specialised in intelligence gathering and analysis. . . . This privatisation of intelligence has direct consequences for the relation between PMCs and security discourses. It places the firms in a position where they are directly involved in producing these discourses. They provide a growing share of the information that forms the basis of decisions on whether or not something is a security concern.

Leander concludes that this privatization is beneficial: it "empower[s] a more *military* understanding of security which, in turn, empowers PMCs as *particularly legitimate security experts.*"46

Another political scientist, Chaim Kaufmann, has noted more critically that arguments for escalation and what he calls threat inflation against Iraq were not adequately disciplined by "the marketplace of ideas." He gives five reasons for this failure, duly supported by other political scientists. But the obvious reason mentioned by Barlett and Steele—profit—is not mentioned among the five.47

How profit corrupts is pointed out succinctly by Raymond McGovern, a veteran former CIA analyst who once delivered the CIA's daily briefing to President George H. W. Bush:

> It's hard enough for a government analyst to tell it like it is and be just one step removed from the president. But think how much more difficult it is for an analyst who's working for Booz Allen Hamilton or SAIC. There's pressure there; there's much more freedom for people to tailor their analysis to something they think the contractor would like. . . . Contractors are in it for the money.48

False-Flag Operations, SAIC and Domestic Surveillance

What we have been talking about until now is *advocacy* disguised as expertise. But overseas associates of Diligence LLC and its allies have also been accused of false-flag *operations* intended to provoke war. And though we are not comfortable thinking about it, it is obvious that we have already experienced at least one false-flag lethal operation against innocent civilians in the United States. I am referring to the 2001 anthrax mailings, for which the FBI once

suspected Steven Hatfill of SAIC and later Bruce Ivins of the U.S. government lab USAMRIID at Fort Detrick, a lab where Hatfill had worked earlier and with which Hatfill and SAIC did business.49 Referring to Fort Detrick, *Salon* reporter Glenn Greenwald pointed out that "the same Government lab where the anthrax attacks themselves came from was the same place where the false reports originated that blamed those attacks on Iraq."50

The two senators to whom lethal anthrax letters were mailed—Daschle and Leahy—were both Democrats who had initially questioned the hastily introduced Patriot Act bill.51 After the anthrax scare, both senators switched positions and voted for the bill. The passage of the Patriot Act generated a new realm of profit for SAIC contractors—domestic surveillance of U.S. citizens—as well as new intelligence fusion centers to carry this out:

> As part of the Pentagon's domestic security mission, former Secretary of Defense Donald Rumsfeld created the Counterintelligence Field Activity office in 2002 and filled its staff with contractors from Booz Allen, BAE systems, SAIC, and other suppliers of cleared personnel. CIFA, as we've seen, was used against people suspected of harboring ill will against the Bush administration and its policies. . . . At present, there are forty-three current and planned fusion centers in the United States where data from intelligence agencies, the FBI, local police, private sector databases, and anonymous tipsters are combined and analyzed by counterterrorism analysts. . . . According to the Electronic Privacy Information Center, the project inculcates the Homeland Security Department "with enormous domestic surveillance powers."52

These fusion centers, "which combine the military, the FBI, state police, and others, have been internally promoted by the US Army as means to avoid restrictions preventing the military from spying on the domestic population."53 Responding to such criticisms, Department of Homeland Security Secretary Napolitano stated in March 2009 that the mandate of fusion centers was not to launch independent domestic surveillance operations but to connect the dots between lawfully obtained information already in fragmented "siloed" databases.54 She did not mention that some of this information was from private and even anonymous sources.

One SAIC contractor, Neoma Syke, worked at such a fusion center, wearing two hats: "During 2003–2004, she was 'working for SAIC' as a force protection analyst with 'SAIC's' 205th Military Intelligence Battalion. And while she was 'a contractor for SAIC,' specifically, 'SAIC's' 205th Military Intelligence Battalion, apparently she served as Counterintelligence Watch Officer at USARPAC's Crisis Action Center."55

Diligence LLC's Russian Connections: Alfa Bank and Far West Ltd

Serious allegations of deceptive provocations have also been raised in connection with overseas associates of Diligence LLC and its allies in Russia—
particularly a small intelligence-related PMC called Far West Ltd.

Diligence's chief transnational connection in Russia is Alfa Bank. The chairman of Diligence from 2001 to 2007 was former U.S. ambassador and arms negotiator Richard Burt, of Barbour, Griffith and Rogers and McLarty Kissinger Associates. Burt, a neoconservative who once called the SALT agreement "a favor to the Russians," is also on the Alfa Bank's Senior Advisory Board in Moscow.

Alfa's clout in Washington dates back into the mid-1990s, when its oil company, Tyumen,

> was loaned $489m in credits by the US Export-Import Bank after lobbying by Halliburton. . . . The [Clinton] White House and State Department tried to veto the Russian deal. But after intense lobbying by Halliburton the objections were overruled on Capitol Hill [which then was Republican controlled]. . . . The State Department's concerns were based on the fact that Tyumen was controlled by a holding conglomerate, the Alfa Group, that had been investigated in Russia for mafia connections.56

At some point in time, the leaders of Halliburton and Diligence, Alfa's allies and "roof" in Washington, allegedly made contact with a shady group in Russia with Alfa connections, a group that, back in 1998, incorporated itself as the Russian firm Far West Ltd (now Far West LLC).57

Vladimir Filin, the president of Far West, once described his company's activities and backers in a press interview. Far West, he said, was

> connected with the secured transport of commercial shipments from Afghanistan, where we have an office, to ports on the Black Sea. . . . But the most commercially attractive route seems to be that from Bagram to the US air base in Magas [Manas], in Kyrgyzstan. By the way, it is quite near the Russian air base in Kant. A significant flow of shipments passes through Magas, there is a niche there for commercial shipments too. This is very profitable. It is much more profitable than routing commercial shipments from Afghanistan through Tajikistan. Therefore last year we completely withdrew from all shipping through Tajikistan and closed our office in that country. . . .
>
> Who our partners are is a commercial secret. I can say that they are four private firms from three countries, Turkey, Russia, and the USA, which engage among other things in shipping. One of these firms is a sub-division of a well-known American corporation. This firm is a co-founder of our agency.58

A hostile critic of Far West, "Yuri Yasenev" (a fictional name on the Internet), identified Far West's U.S. partners as

> —"Kellogg, Brown & Root" (KBR Halliburton)—in Colombia, Afghanistan, Kosovo, Georgia, and Iraq.
> —"Diligence Iraq LLC" (controlled by the Kuwaiti Mohammed as-Sagar)—in Iraq.59

More specifically, "Yasenev" charged that Far West's chief business, in Colombia and elsewhere, was drug trafficking, an activity that Filin

himself attributed to the Americans controlling Bagram.60

Some of the charges of "Yasenev" against Far West—but not these ones—were publicized in America by the right-wing scholar John Dunlop of the Hoover Institution and Jamestown Foundation. Dunlop transmitted nothing of what "Yasenev" said about Far West's connections to KBR and Diligence LLC as well as to the intelligence services of Israel, Turkey, Saudi Arabia, Russia, and the United States. Dunlop did not mention Far West itself at all by name. But he relied heavily on "Yasenev" to support his claim that some of Far West's members planned in advance for the series of terrorist attacks in 1999 that preceded the election of Putin as Russian president and also the second Russian war in Chechnya.61

The terrorist attacks of 1999 have been summarized by Dunlop's colleague at the Hoover Institution, historian David Satter:

> On August 5 [1999], a Muslim force led by Shamil Basayev, a Chechen guerilla leader, entered western Dagestan from Chechnya, ostensibly to start an anti-Russian uprising. On August 9, Stepashin was dismissed and Putin became prime minister. On August 22, the force withdrew back into Chechnya without heavy losses, amid suspicion that the incursion had been a provocation. At the end of August, Russian aircraft bombed Wahhabi villages in Dagestan in seeming retaliation for the incursion and this was followed, days later, by the explosions that obliterated the apartment buildings in Moscow, Buinaksk and Volgodonsk.

Satter's right-wing theory of the bombings was that they "were not the work of Chechen terrorists but rather the action of the Russian government undertaken to justify the launching of the Second Chechen War."62

What we may call Satter's "first-cut" false-flag explanation for the August 1999 incidents—that it was "the action of the Russian government"—was refined by his colleague Dunlop to include other plotters. According to this "second-cut" refinement, both the August bombings and the Dagestan incursion were planned in Adnan Khashoggi's Riviera villa the previous June by a meeting of Chechen Islamists together with a Kremlin representative.63 According to Dunlop the meeting was actually brokered by a retired GRU officer called Anton Surikov, who we know from other sources to have been an officer of Far West Ltd. In Dunlop's words,

> On the day following the initial incursion of rebel forces into the Dagestani highlands in early August of 1999, the investigative weekly *Versiya* published a path-breaking report claiming that the head of the Russian Presidential Administration, Aleksandr Voloshin, had met secretly with the most wanted man in Russia, Shamil' Basaev, through the good offices of a retired officer in the GRU, Anton Surikov, at a villa belonging to international arms merchant Adnan Khashoggi located [in Beaulieu] between Nice and Monaco.64

Dunlop blamed the plotting on three protégés of the Russian oligarch Boris Berezovsky—Valentin Yumashev [Yeltsin's son-in-law], Alexander Voloshin, and Roman Abramovich—all of whom at this

point were members of Yeltsin's "Family" in the Kremlin. He neglected to mention that Anton Surikov had spent time at the London Centre for Defence Studies and, in addition, had admittedly had contacts with former CIA officer Fritz Ermarth.65

Russian researchers in the group Left.ru proposed a "third-cut" explanation for these events: that they furthered the needs not only of the "Russian government" or the Berezovsky circle but also of a CIA-linked international drug connection (of the type exemplified by Adnan Khashoggi).66

Developing on their arguments, I myself suggested in particular that "the events of the Russian 9/11" were part of a larger quid pro quo discussed at the meeting, including a rerouting of Afghan heroin through Pristina airport in Kosovo, which Russian troops had just occupied.67 I noted that Dunlop had reported very selectively from his chief source "Yasenev," particularly with reference to the Far West group's involvement with other intelligence agencies and with drug trafficking. I proposed in short that what might have been at stake in the quid quo pro was a major realignment of politics for the sake of the drug traffic itself.

Dunlop did transmit the drug allegations concerning one participant at the meeting, "a Venezuelan banker named Alfonso Davidovich. In the Latin American press, he is said to be responsible for laundering the funds of the Columbian [*sic*] left insurrection organization FARC [Revolutionary Armed Forces of Colombia], which carries out an armed struggle with the official authorities, supported by the narcotics business."68

For almost four years after 2005, I was (according to Google) virtually the only Western source of information about Far West Ltd. My essay, charging them with the provocation of terrorist violence and involvement with drug trafficking, was highly relevant to the argument in this chapter—that those who profit from enduring violence can also at times induce it.

My article was also largely based on controversial sources. But in June 2009, for the first time, a Western mainstream newspaper, Australia's *Sunday Herald Sun*, mentioned Far West Ltd. This was because an Australian citizen, Sarfraz Haider, was one of four people murdered in connection with a Far West smuggling plot I had referred to.69 According to the *Sun*, Haider's murder

> was the culmination of a bizarre plot—worthy of a spy thriller—in which nuclear missiles were allegedly stolen from the Russians and sold to Iran for $63 million. . . . Up to 20 nuclear-capable Kh-55 missiles—with a 3000km range—and four 200-kiloton nuclear warheads were stolen by a shadowy group of former Russian and Ukrainian intelligence and military officers.
>
> . . . one version of events, supported by documents obtained from the Ukrainian parliament and the investigations of the Haider family, is that they ended up in Iran and China.

> Letters written by Hryhoriy Omelchenko, a former intelligence colonel to Ukraine's President Viktor Yushchenko, give details of the arms deal. The letters also confirm Mr Haider, 53, was suspected of being part of the arms trafficking gang that sold the missiles to Iran and China. . . . While wrangling with lawyers and local officials over his father's estate in Cyprus, Sam Haider was contacted by a man called Ruslan Saidov, who claimed to be a friend and business associate of Sarfraz. . . . "He said the theft of the missiles was masterminded by the partners of an intelligence and military consultancy firm called Far West Ltd."70 [Saidov is in fact an officer of Far West.]

This Australian story corroborated an earlier one in the Ukrainian press, linking Far West to the smuggling and the murder:

> Three other people who had taken part in the smuggling of the Ukrainian missiles had already been killed. The first was Valeriy Malev, who headed [arms export company] Ukrspetseksport: he was killed in mysterious circumstances in a car crash on 6 March 2002. In January 2004 the general director of the company S.H. Heritage Holding Ltd, an Australian citizen, [Sarfraz Haider?], crashed while driving a quadrobike (according to information from the investigation, the missiles were transported to Iran under a fictitious contract from that company with the Iranian SATAK Co. Ltd of NIOC for the supply of gas turbine equipment). In the same month the Ukrainian businessman Serhiy Petrov, the former head of the consultancy firm Far West Ltd, was blown up in his car in South Africa.71

The case itself as reported aroused considerable attention in 2005. On March 18, 2005, Jane's *Intelligence Digest* noted, "There is no doubt that the sale of the missiles to Iran and China could only have taken place with the knowledge and cooperation of senior Ukrainian officials . . . there is . . . mounting evidence to suggest that the sale of missiles to Iran was undertaken with the assistance of the Russian security services."72

Moisés Naím, editor of *Foreign Policy*, later used the case to argue that, in smuggling where government officials are involved, illicit networks rather than state organizations can be the main players.73 This important point, consonant with my own argument here, complicates the notion of a false-flag operation: events attributed to the Ukraine government may in fact have been intended by subordinate officials, at least partly, to embarrass and destabilize it.

However, in the course of his argument, Naím wrote that "these deals were motivated by profit, not politics." This claim was sharply contested by a Russian news agency, quoting Ukrainian sources, which claimed that the Kh-55 smuggling was initiated by American neoconservatives, including Cheney and Rumsfeld, in order to create a casus belli against Iran.74

In 2005, Filin denied the involvement of Far West in the illegal Kh-55 sales, even as he announced that his company Far West had passed $3 million in bribes concerning other deals with the same Ukrainian state agency Ukrspetsexport.75 According to *PravdaInfo*, he and two other cofounders of Far West Ltd, Anton Surikov, and Alexei Likhvintsev, met with representatives of the Bush administration. Later Filin cited fear of criminal prosecution by U.S. law enforcement

agencies as the reason for his and his partners' hasty relocation from Europe to Brazil and Dubai. According to Filin, he and his partners were warned by a high-ranking U.S. official that they would be brought to justice for their role in the 2001 Kh-55 affair.76 Later Filin attended the inauguration of President Evo Morales in Bolivia, where he adopted a new and militantly anti-CIA stance, denouncing the CIA as "absolute and universal evil."77

A Fourth-Cut Account of Far West Ltd: An Ongoing Destabilization Machine

Filin's switch-hitting in matters of alliance with official intelligence agencies may have been more a matter of theater than of substance. Even so, it corroborates a "fourth-cut" explanation for Far West's provocations that I shall develop here. This is that Far West's principal aim is to promote conditions that facilitate its own business prospects (including drug trafficking) and specifically the chaos that makes for future contracts as well as allowing for illegal crops to be harvested and trafficked with impunity. In would be interesting to learn if, after the exposure of the Kh-55 scandal, Far West continued to operate its "export" business out of the U.S.-controlled airports of Bagram and Manas. An affirmative answer would indicate the tolerance, if not indeed complicity, of U.S. personnel in Far West's activities.

The ensemble of evidence now gathered suggests a *fourth-cut* explanation for the meeting in Khashoggi's villa: that it was not an ad hoc conspiracy but rather part of an ongoing *connection* for destabilization operations—not primarily to support either Russia or the United States but to promote chaos in order to weaken legitimate government in the Caucasus, create an environment for entrepreneurial violence, and facilitate drug trafficking.78

The use of Khashoggi's villa, furthermore, can be interpreted as corroboration of this. A 1991 DIA report listed numerous Colombian traffickers and their associates and included "69. Adnan (Khashoggi)—An international arms trafficker who allegedly has sold arms to the Colombian drug traffickers, especially to the Medellin Cartel."79 This is of course consistent with the report, transmitted by Dunlop, that Alfonso Davidovich of Far West Ltd "is said to be responsible for laundering the funds of the Columbian [*sic*] left insurrection organization FARC."

Many have observed that the military incursions used by America to fight terrorism in Asia are contributing to, not reducing, the threat to this country. My own conclusion is both more severely critical and also, in the end, more optimistic. It is that America has been drawn into these conflicts by forces it failed to understand, some of which it

is sustaining from the public trough. What is needed more than a change in Afghanistan or in Pakistan is a change in Washington itself, to cease subsidizing the predators who have been profiting from our discomfort and casualties abroad.

It would be nice to think that understanding of this folly would lead to its termination. But what we are witnessing is precisely the progressive erosion of the power of the public state to control the myriad activities that are conducted, in its name, for private profit. Neither the president nor the Congress appears capable of reversing the tide of corruption that is overwhelming both them and us.

If the course of the war machine is ever to be checked and reversed, then surely a first step will be closer attention to and exposure of the forces that condition our acceptance of it.

9
9/11 and the American Tradition of Engineered Deep Events

> A review of Pentagon planning makes it clear that for a small circle of high civilian and military officials, the idea that the United States might deliberately provoke events in Cuba that could serve as a pretext for U.S. intervention represented a possible course of action, frequently invoked, rather than an unthinkable libel that had emerged from the paranoid fantasies of Havana and Moscow.1

> The engineering of a series of provocations to justify military intervention is feasible and could be accomplished with the resources available.2

Engineered Deep Events as Pretexts for Wars

AMERICA'S TWO LONGEST WARS APART FROM AFGHANISTAN were Vietnam in the 1960s and Iraq. Historians now agree that congressional support for both wars was secured through the deliberate use of deception: concerning the Tonkin Gulf incidents in 1964 and concerning Saddam Hussein's alleged weapons of mass destruction (WMD) in 2003. I wish to argue in this chapter that the Afghanistan War was also preceded by a deep event, 9/11, about which we know little, and that it is worth considering whether elements within the U.S. war machine played a part in engineering what happened.

Many Americans, even nine years later, are still not yet ready to believe that 9/11 is a deep event about which we have been lied to. But America—and above all Congress—was slow to see through the Tonkin Gulf and WMD deceptions as well. Senator Morse's well-grounded skepticism about the second Tonkin Gulf incident (which we now know did not happen) was endorsed in 1964 by only one other senator when Congress voted on the Tonkin Gulf Resolution. Only one member of the house voted against the Iraq War Resolution of 2002, which alleged that Iraq's WMD posed a "threat to the national security of the United States and international peace and security in the Persian Gulf region."

Whatever analysis of 9/11 we happen to accept—even the official version of nineteen Arabs and al-Qaeda acting alone—9/11 is clearly a deep event as we have defined it: an event systematically ignored or falsified in the mainstream media and public consciousness. John Farmer, senior counsel to the 9/11 Commission, later wrote a book to bolster the commission's version of events, yet even he admits that "the public had been seriously misled about what occurred during the morning of the attacks" and alleges that "at some level of the government, at some point in time . . . there was an agreement not to tell the truth about what happened."3 We can say confidently that

there has been deception with respect to 9/11, at least ex post facto. Comparisons with the Tonkin Gulf incidents raise the question, which I will not resolve, whether both incidents were not to some extent "engineered" (to quote from a Joint Chiefs of Staff [JCS] document in 1963).

The Tonkin Gulf incidents were also a deep event, involving both provocation and deception. The Tonkin Gulf Resolution was passed by Congress in response to Secretary of Defense McNamara's assurances that there was "unequivocal proof" of a second "unprovoked attack" on U.S. destroyers. Today we know that there was no such second attack, and most would agree that the first was provoked. The "deep event" similarities between Tonkin Gulf and 9/11 are indeed so striking that I shall explore them at some length here.

The Iraq War was also clearly preceded by a deep event—a false-flag lethal operation against innocent civilians in the United States. I am referring to the 2001 anthrax mailings, later identified as involving anthrax from a U.S. source. As we have seen, the FBI once suspected Steven Hatfill of Science Applications International Corporation (SAIC) was responsible for these mailings and later Bruce Ivins of the U.S. government lab USAMRIID at Fort Detrick.4 But at the time, there were numerous stories such as this one in the *Daily Mail* by Simon Reeve:

> Iraq has been identified as the most likely source of the anthrax used to terrorise America during recent weeks. New plans are now being considered for retaliatory military strikes against Saddam Hussein, according to American government officials. Although studies of the anthrax spores sent through the mail are continuing, American scientists have discovered "hallmarks" that point to Iraqi involvement. American investigators are increasingly convinced that the anthrax was smuggled into the US and mailed to a number of targets by unidentified "sleeper" supporters of Osama Bin Laden's Al Qaeda organisation.5

Much later, referring to Fort Detrick, *Salon* reporter Glenn Greenwald pointed out that "the same Government lab where the anthrax attacks themselves came from was the same place where the false reports originated that blamed those attacks on Iraq."6 The two senators to whom lethal anthrax letters were mailed—Senators Daschle and Leahy—were both Democrats who had initially questioned the hastily introduced Patriot Act bill.7 After the anthrax scare, both senators switched positions and voted for the bill.

Whoever in America was responsible for the anthrax attacks, it was a long-planned false-flag deception, bolstered by two clumsy notes with the phrase "Allah is great." A parallel and more sophisticated example of an engineered deep event implicating Iraq was the set of false documents alleging that Iraq had purchased "yellow cake" uranium ore from Niger.

Since 9/11, I have been more and more convinced of the following:

1. That by studying deep events as a whole, we can see their underlying aspects more clearly.8
2. That, however we analyze them, deep events have contributed collectively to the further erosion and corruption of American politics, which today are in the worst shape they have been since the McCarthy era in the 1950s.
3. That deep events with recurring characteristics have provided deceptions that led America into all of its recent wars.

In the last stages of revising this book, I have come to see the implications of this analysis even more seriously. *Apart from the disputed case of 9/11 (to which we will return), nearly all of America's foreign wars since 1959—Laos and Vietnam in the 1960s, Afghanistan in 1980, and Iraq in 2003—have been wars induced preemptively by the U.S. war machine and disguised as responses to unprovoked enemy aggression. In these cases the disguise was engineered by a deception event, most of which involved to some extent elements of the global drug connection.*

Operation Northwoods: Planning Provocations and Deceptions against Cuba

We know that the Pentagon was capable of planning atrocities as pretexts for war from the series of documents known collectively as Project Northwoods. Northwoods was a JCS response to a request from Edward Lansdale, who in 1962 was chief of operations for the anti-Castro Cuba Project, also known as Operation Mongoose. Lansdale had asked "for brief but precise description of pretexts which would provide justification for US military intervention in Cuba."9 The JCS document, signed by JCS Chief Lyman Lemnitzer, obliged with a list of false-flag possibilities such as the following:

> 4. We could develop a Communist Cuban terror campaign in the Miami area, in other Florida cities and even in Washington. The terror campaign could be pointed at refugees seeking haven in the United States. We could sink a boatload of Cubans en route to Florida (real or simulated). We could foster attempts on lives of Cuban refugees in the United States even to the extent of wounding in instances to be widely publicized. Exploding a few plastic bombs in carefully chosen spots, the arrest of Cuban agents and the release of prepared documents substantiating Cuban involvement, also would be helpful in projecting the idea of an irresponsible government.

This was only one of nine paragraphs in an annex proposing a menu of (in its words) possible "provocation" and "deception" against Cuba.

That Lemnitzer would forward such a provocative document is not surprising. Only a few months earlier, in July 1961, he had joined CIA Director Allen Dulles in supporting a plan for a nuclear surprise attack on the Soviet Union "in late 1963, preceded by a period of heightened

tensions."10 Air Force General Leon Johnson later told the National Security Council that the JCS estimated a preemptive strike would result in "at least 140 million fatalities in the USSR."11

One year later, in May 1963, another JCS document continued to write of "engineering a provocation as a pretext for invasion" and argued that "the engineering of a series of provocations to justify military intervention is feasible and could be accomplished with the resources available."12 This document was prepared by J-5, the JCS Directorate of Plans and Policy, "in response to a request [of March 25, 1963] from the Chairman of the JCS [Joint Chiefs of Staff] to provide comment and recommendation concerning the requirements for and desirability of fomenting a revolt in Cuba, giving consideration to the advantage of engineering an incident as an alternate cause for invasion."13 This chairman was Kennedy's choice to succeed Lemnitzer, Maxwell Taylor.

(Taylor is generally remembered as the advocate of a flexible response rather than "massive retaliation" to deal with international crises. But he is also the general who, from as early as 1961, was meeting with other hawks "to get Kennedy to . . . use military force in both Laos and South Vietnam."14 Significantly, Taylor as JCS Chairman in 1963 was simultaneously promoting J-5 plans for escalated attacks, or 34A Operations, against North Vietnam.)

All this Cuban planning was in support of JCS OPLANS 312 (Air Attack in Cuba) and 316 (Invasion of Cuba). These were not theoretical exercises but actively developed operational plans that the JCS were only too eager to execute.15 (It is not generally realized that the blockade of Cuba, now enforced for almost a half century, began as the first step in planning for OPLAN 316.)16

In support of these plans, J-5 served as a workshop for manufacturing pretexts, or what we may call deep deception events. As James G. Hershberg wrote in 1990,

> A review of Pentagon planning makes it clear that for a small circle of high civilian and military officials, the idea that the United States might deliberately provoke events in Cuba that could serve as a pretext for U.S. intervention represented a possible course of action, frequently invoked, rather than an unthinkable libel that had emerged from the paranoid fantasies of Havana and Moscow.17

At least one of the false-flag deceptions envisioned in the Northwoods document—"'Cuban' shipments of arms which would be found, or intercepted, on the beach" of another country—may have been implemented. Venezuela announced in November 1963 that it had discovered on a Venezuelan beach a cache of Cuban arms, consisting of rifles, machine guns, and ammunition. This was shortly after John F. Kennedy had asked CIA Director John McCone for evidence of Castro's intervention in Venezuela "that could be

presented in a Public forum, such as the OAS [Organization of American States].” CIA officers brought one of the cached rifles to the Kennedys, and Richard Helms reports that the president responded, “Great work.”18

The Prevalence of Engineered Deception Events

Planning for false-flag lethal conspiracies to kill innocent civilians was not unique to the JCS but has been widespread among other nations throughout the past century. A seminal example was in French Algeria in the 1950s, where dissident elements of the French armed forces, resisting General de Gaulle’s plans for Algerian independence, organized as the Secret Army Organization and bombed civilians indiscriminately, with targets including hospitals and schools.19 This strategy relied on the false-flag provocations by a special group of counterterrorists created by the French Direction de la surveillance du territoire (Territorial Surveillance Directorate), whose mission was to carry out terrorist attacks and frustrate hopes of political compromise.20

I have noted elsewhere how this “strategy of tension” was imitated by Secret Army Organization allies in Italy, with the false-flag lethal bombings by military intelligence of the Piazza Fontana in Milan (1969) and the Bologna Railway Station (1980). Guido Giannettini, one of the Italian authors of the Milan incident, allegedly lectured in 1961 on coup techniques to U.S. military officers in Annapolis.21 Soon after, in March 1962, the JCS prepared their own document developing Giannettini’s strategy—the Northwoods document, which, as James Bamford has written, “called for innocent people to be shot on American streets.”22

Similar attacks in Turkey gave rise to the notion there of an extralegal “deep state”—a combination of forces, ranging from former members of the CIA-supported Gladio organization to “a vast matrix of security and intelligence officials, ultranationalist members of the Turkish underworld and renegade former members of the [Kurdish separatist] PKK.”23 The deep state, financed in part by Turkey’s substantial heroin traffic, has been accused of killing thousands of civilians in incidents such as the lethal bomb attack in November 2005 on a bookshop in Semdinli. This attack, initially attributed to the Kurdish separatist PKK, turned out to have been committed by members of Turkey’s paramilitary police intelligence service, together with a former PKK member turned informer.24 On April 23, 2008, the former interior minister, Mehmet Agar, was ordered to stand trial for his role in this dirty war during the 1990s.25

In my book *The Road to 9/11*, I postulated that comparable forces in

America, also combining intelligence officials with elements from the drug trafficking underworld, could have been ultimately responsible for the blatant official cover-up of 9/11, the deep event that was so swiftly followed by America's invasion of Afghanistan.26 I also pointed to recent decades of collaboration between American agencies and al-Qaeda, a terrorist underworld whose drug trafficking activities have been played down in *The 9/11 Commission Report* and the mainstream U.S. media.27

Still to be explained is the suppressed anomalous fact that al-Qaeda's top trainer on airplane hijackings, Ali Mohamed, was simultaneously a double agent reporting to the FBI and almost certainly still maintained a connection to the CIA, which had used him as an agent and helped bring him to this country in the 1980s.28 It is not disputed that Ali Mohamed organized the embassy bombing in Kenya and that he was able to do so only because the Royal Canadian Mounted Police, who had detained him in Vancouver in the presence of another known terrorist, released Mohamed on direct instructions from the FBI.29

Almost certainly Ali Mohamed was not the only American double agent inside al-Qaeda. Two of the alleged hijackers on 9/11, Nawaz al-Hazmi and Khalid al-Mihdhar, were allowed to enter the United States soon after having been detected at an al-Qaeda summit in Malaysia under circumstances so sensitive that the head of the FBI was apprised of them in the White House, while the FBI itself—which obviously should have been told—was not.30

As we shall see, Lawrence Wright, commenting in *The New Yorker* about the CIA's analogous withholding of information about al-Mihdhar, reached the conclusion that "the CIA may also have been protecting an overseas operation and was afraid that the F.B.I. would expose it."31 Another possibility is that the CIA, using Saudi intelligence as a cutout or go-between, thought that al-Hazmi and al-Mihdhar would be reliable agents to penetrate al-Qaeda networks inside the United States. The use of double agents is both a widespread intelligence technique and also a risky one, as the CIA learned to its distress when seven of its employees were murdered in December 2009 by an al-Qaeda suicide bomber whom they thought was a reliable double agent.32

I will not in this book offer my own guesses about who was responsible for 9/11. My purpose is to establish the following:

1. 9/11 is clearly a deep event as we have defined it: an event systematically ignored or falsified in the mainstream media and public consciousness.
2. 9/11, as an unexplained deep event leading promptly to war, falls into a pattern of similar deep events. It shares enough features with

the Tonkin Gulf incidents of 1964 to suggest that the causes for both were not wholly external but were derived at least in part from the prevailing forces within this country.

3. It is time to confront the unpleasant truth that, Afghanistan apart, the major conflicts in which America has recently engaged—Laos in 1959,33 Vietnam in 1964, and Iraq in 1993—have undeniably been preceded by falsified evidence of foreign attack in what I have called engineered deep events.34

This last claim, if true, would justify a closer examination of 9/11: can it really be true that this deep event was not, like all the others, engineered for the deception of the American public?

While I am not prepared to add the Korean War in June 1950 to this list—Kim Il Sung's invasion from the north was quite genuine enough—I consider it worth recalling Bruce Cumings's wry comments on the curious behavior in previous weeks of high levels in Washington that suggested that public opinion may have been manipulated on this occasion also:

> The CIA predicts, on June 14 [1950], a capability for invasion [of South Korea] at any time. No one disputes that. Five days later, it predicts an impending invasion. . . . Now, Corson . . . says that the June 14 report leaked out to "informed circles," and thus "it was feared that administration critics in Congress might publicly raise the issue. In consequence, a White House decision of sorts was made to brief Congress that all was well in Korea." . . . Would it not be the expectation that Congress would be told that all was not well in Korea? That is, unless a surprised and outraged Congress is one's goal.35

Decades after Cumings wrote this, on August 6, 2001, the CIA predicted in a presidential daily brief, "Bin Laden Determined to Strike in US," mentioning in support a report "saying that Bin Laden wanted to hijack a US aircraft."36 As is well known, Bush and Cheney took no action and went on an extended holiday in the same month, leaving Congress to be surprised and outraged once again, as in 1950 and 1964.

Tonkin Gulf as an Engineered Deep Event

In 1964, Congress passed the Tonkin Gulf Resolution in response to Secretary of Defense McNamara's assurances that there was "unequivocal proof" of a second "unprovoked attack" on U.S. destroyers. Today we know not only that there was no such second attack but also that the combined harassments of CIA-controlled PT boats and U.S. destroyers in North Vietnamese waters were so provocative as to invite one. George Ball, who at the time was in the government as undersecretary of state, later commented in a 1977 BBC radio interview that

> many of the people who were associated with the war were looking for any excuse to initiate bombing. The sending of a destroyer up the Tonkin Gulf was primarily for provocation. . . . There was a feeling that if the destroyer got into some trouble, that it would provide the provocation we needed.37

A number of historians, including Fredrik Logevall, have agreed with Ball:

> The provocative nature of the Oplan 34-A raids and Desoto patrols is beyond dispute, but provocation can be deliberate or incidental, intended or unintended. Was it deliberate in this case? Certainly with respect to the alleged second attack, on 4 August, a good case can be made that it was deliberate. Consider, first, that the Maddox was sent back into the Tonkin Gulf just a few hours after the attack on 2 August, along with the C. Turner Joy. Captain Herrick was instructed to operate in zigzag fashion in the general vicinity of the first attack for two days. . . . Concludes historian John Prados: "A two-destroyer force to sail in close proximity to the North Vietname coast for ninety-six hours? Rationalize as you may, it was taunting Hanoi to do so."38

Gareth Porter adds that after Tonkin Gulf, "Johnson's national security team wanted to use the combination of 34A sabotage operations and naval patrols to provoke further incidents." The advocates of a provocation strategy included William Bundy, John McNaughton, and—notably—General Maxwell Taylor (who by this point in 1964 was U.S. ambassador in Saigon).39

As noted, Taylor had been a constant advocate of U.S. military intervention in both Laos and Vietnam from as early as 1961. We now know that four days after Kennedy's assassination, on the same day as Johnson's first Vietnam policy document (NSAM 273 of November 26, 1963), Taylor sent a cable (JCS 3697) calling for a twelve-month program of graduated operations against North Vietnam, "presented in the order of increasing intensity."40 These plans, later implemented as OPLAN 34A, had been approved by Taylor at Honolulu on November 20, 1963, while Kennedy was still alive. (According to John Newman and James Galbraith, "While JCS chief Taylor had approved preparation of this plan, it had not been shown to McNamara."41)

Is it conceivable that the man who asked J-5 to consider "engineering an incident" as a cause for the invasion of Cuba did not contemplate doing the same as a cause for putting troops into Vietnam? The question is hard to answer from the documentary record because, as I have commented elsewhere, so many of the crucial documents on 34A plans are now missing: even the list of 34 Ops approved by Johnson on January 16, 1964, has never been declassified.42 But the presence of U.S. destroyers in combination with 34A attacks on coastal installations seems close to one of the very first Northwoods recommendations:

> Since it would seem desirable to use legitimate provocation as the basis for US military intervention in Cuba a cover and deception plan . . . could be executed as an initial effort to provoke Cuban reactions. deceptive actions to convince the Cubans of imminent invasion would be emphasized. Our military posture throughout execution of the plan

will allow a rapid change from exercise to intervention if Cuban response justifies.43

Moreover, the behavior of officials in diverse places on August 4, 1964 (the day of the Tonkin Gulf nonincident that led to a tragically real war), suggest a consensus at high levels that the provocative U.S. behavior was intended to provoke a U.S. retaliation. We now know from a recently declassified in-house National Security Agency (NSA) history that on August 4, 1964, NSA possessed 122 pieces of SIGINT (signals intelligence), which taken together indicated clearly that there was no second North Vietnamese attack on August 4: "Hanoi's navy was engaged in nothing that night but the salvage of two of the boats damaged on 2 August." But of these 122 pieces, the White House was supplied with only fifteen—"only SIGINT that supported the claim that the communists had attacked the two destroyers."44

Meanwhile, over at the CIA,

> By the afternoon of Aug. 4, the CIA's expert analyst on North Vietnam . . . had concluded that probably no one had fired on the U.S. ships. He included a paragraph to that effect in the item he wrote for the Current Intelligence Bulletin, which would be wired to the White House and other key agencies and appear in print the next morning. And then something unique happened. The Director of the Office of Current Intelligence, a very senior officer . . . descended into the bowels of the agency to order the paragraph deleted. He explained: "We're not going to tell LBJ that now. He has already decided to bomb North Vietnam."45

One could argue that the parallel events in the NSA and the CIA illustrate how a shared bureaucratic mind-set, or propensity for military escalation, can generate synergistic responses in diverse milieus without there having necessarily been any conspiratorial collusion between the two agencies. But another explanation, which I have come to think more likely, is that there was already a consensus at higher levels that the 34A Ops and Desoto patrols were provocations *meant* to lead to retaliation.

Of more than passing interest is the fact that the CIA in the 1960s still had senior officers who believed that sooner or later a showdown with the Chinese communists was inevitable and had renewed General Chennault's old proposal for a large-scale landing by Chiang on the Chinese mainland.46 This seems to explain a series of manipulative escalatory moves in Laos, shortly before the Tonkin Gulf incidents, with a similar momentum toward expanding the U.S. war beyond South Vietnam. In 1963–1964, one notes again, as in 1950, the intriguing of local Kuomintang elements, in this case forces directly involved in the opium traffic.47

9/11, Tonkin Gulf, and the JFK Assassination

Although unwilling to do so at first, I have slowly become more and

more interested in comparing the John F. Kennedy assassination (followed almost immediately by planning for the Vietnam War) with 9/11. I have found this fruitful on two different levels: first, on essential aspects of the way the events transpired, and, second, in the way the events were exploited to achieve a desired result.

How the events transpired: Even *The 9/11 Commission Report* acknowledges that in the summer of 2001, "the system was blinking red" for an al-Qaeda attack. Its record amply refutes Condoleezza Rice's claim in May 2002 that "I don't think anybody could have predicted that these people would . . . try to use an airplane as a missile, a hijacked airplane as a missile."48 Yet in the midst of this "blinking red" crisis, the CIA in August 2001 flagrantly withheld crucial evidence from the FBI: evidence that, if shared, would have assisted the FBI in its efforts to locate one of the alleged hijackers, Khaled al-Mihdhar. This withholding provoked an FBI agent to predict in August, accurately, that "someday someone will die."49

As I describe in the 2008 edition of *The War Conspiracy*, this culpable withholding of crucial evidence from the FBI by the CIA closely parallels the CIA's withholding from the FBI of important information about Lee Harvey Oswald in October 1963. Former FBI Director Clarence Kelley in his memoir later complained that this withholding was the major reason why Oswald was not put under surveillance on November 22, 1963.50 Without these withholdings, in other words, neither the Kennedy assassination nor 9/11 could have unfolded in the manner in which it did.

In *The War Conspiracy*, I concluded from my detailed comparison that Oswald (and later al-Mihdhar) had at some prior point been selected as *designated subjects* for an operation. This would not initially have been for the commission a crime against the American polity: on the contrary, steps were probably taken to prepare Oswald in connection with an operation against Cuba and al-Mihdhar (I suspect) for an operation against al-Qaeda. But as legends began to accumulate about both figures, it became possible for some witting people to subvert the sanctioned operation into a plan for murder that would later be covered up. At this point Oswald (and by analogy al-Mihdhar) was no longer just a designated subject but also now a designated culprit.

Without understanding the details, we can safely conclude that operations of the CIA were somehow implicated, whether innocently or conspiratorially, in the background of both the JFK assassination and 9/11. With respect to the CIA's withholding of information from the FBI about Oswald, even a former CIA officer on the Oswald case, Jane Roman, later agreed that this withholding indicated "some sort of [CIA] operational interest in Oswald's file."51 Lawrence Wright, commenting in *The New Yorker* about the CIA's analogous withholding

of information about al-Mihdar, reached the similar conclusion that "the CIA may also have been protecting an overseas operation and was afraid that the F.B.I. would expose it."52

In short, from this perspective, 9/11 is not wholly without precedent in U.S. history. It should be seen not as a unique departure from orderly constitutional government—a coup d'état—but as yet another unexplained deep event of the sort that has continued to erode the American constitutional system of open politics and civil liberties.

Even more disturbingly, the series of deep events examined in this chapter (Korea, the JFK assassination, Tonkin Gulf, and 9/11) share enough features to suggest that the causes for them were not wholly external but were derived at least in part from the prevailing forces within this country. They share features furthermore with other deep events, notably the U.S.S. *Pueblo* incident and Iran-Contra, whose eventual outcome was not war but rather war averted.53 This indicates that victory in the internal disputes underlying these deep events is not always to those whose minds are set on war and imperial hegemony.

That to be sure is reassuring to those who prefer a peaceful America. But it further reinforces the unsettling sense that the serial discontinuities or deep events that have disturbed American history since World War II may have been not a sequence of unrelated accidents but at least in part the product of some deep force or forces not yet adequately understood.

Exploitation of the JFK and 9/11 Deep Events: No matter what one believes about the killing of president Kennedy, even if one maintains that Lee Harvey Oswald shot the president and did it alone, it is clear that the Warren Commission used it to increase CIA surveillance of Americans. As I wrote in *Deep Politics*, this was the result of

> the Warren Commission's controversial recommendations that the Secret Service's domestic surveillance responsibilities be increased (WR 25-26). Somewhat illogically, the Warren Report concluded both that Oswald acted *alone* (WR 22), . . . and also that the Secret Service, FBI, CIA, should coordinate more closely the surveillance of *organized groups* (WR 463). In particular, it recommended that the Secret Service acquire a computerized data bank compatible with that already developed by the CIA.54

This pattern would repeat itself four years later with the assassination of Robert Kennedy. In the twenty-four hours between Bobby's shooting and his death, Congress hurriedly passed a statute—again drafted well in advance—that still further augmented the secret powers given to the Secret Service in the name of protecting presidential candidates.55 This was not a trivial or benign change: from this swiftly considered act, passed under Johnson, flowed some of the worst excesses of the Nixon presidency.

In the chaos and violence at the Chicago Democratic Convention of

1968, army intelligence surveillance agents, seconded to the Secret Service, were present both inside and outside the convention hall. Some of them equipped the so-called "Legion of Justice thugs whom the Chicago Red Squad turned loose on local anti-war groups."56 The presence of army intelligence agents at the convention was authorized by the statute passed while Bobby Kennedy lay dying.57

This brings us to 9/11. On that day, before the last plane had crashed in Pennsylvania, the White House authorized the institution of so-called continuity of government (COG) plans. There is no doubt that COG was introduced—*The 9/11 Commission Report* confirms it twice, on pages 38 and 326.58 COG plans are also the probable source for the Patriot Act and also for the Department of Homeland Security's Project Endgame—a ten-year plan to expand detention camps at a cost of $400 million in fiscal year 2007 alone.59 The worst features of the Bush decade were apparently all sketched out in COG planning—warrantless surveillance, warrantless detention, and even suspension of habeas corpus, first granted by Magna Carta in 1215.

Officially, "COG" stands for "continuity of government" planning, but we should think of it as "change of government" planning, since it was well summarized twenty-two years ago by Alphonso Chardy in the *Miami Herald* as plans for "suspension of the Constitution . . . emergency appointment of military commanders . . . and declaration of martial law."60

Much is known about COG plans, and much more is not known. We know that the ultrasecret planning began in the 1980s under Reagan and Oliver North and continued under George H. W. Bush and Clinton. Two of the key planners were Cheney and Rumsfeld, the two men who implemented it under 9/11, even though when Clinton was president, both men, both Republicans, were heads of major corporations and not even in the government.61

We learned that COG planning was still active in 2007, when President Bush issued National Security Presidential Directive 51 (NSPD 51), which extended for one year the emergency proclaimed on September 14, 2001, and empowered the president to personally ensure "continuity of government" in the event of any "catastrophic emergency." He announced that NSPD 51 contains "classified Continuity Annexes" that shall "be protected from unauthorized disclosure." Under pressure from his 911 truth constituents, Congressman DeFazio of the Homeland Security Committee twice requested to see these annexes, the second time in a letter signed by the chair of his committee. His request was denied.

9/11 is a deep event of a new and unprecedented order. Deep events related to political control of this country are far more frequent than most of us like to recognize. Since the conspicuous assassinations of the 1960s and early 1970s—all deep events—at least six politicians have also died in single-plane crashes. Although many of these crashes were probably accidental, it is striking that only one Republican has died in this fashion as opposed to five Democrats.62 Official accounts of the deaths of three of these Democrats—Senator Paul Wellstone and Congressmen Hale Boggs and Nick Begich—have been challenged, as has the very suspicious "accidental" death in a 1970 single-plane crash of United Auto Workers labor leader Walter Reuther.63

Of these deep events, some—notably the JFK assassination—stand out as having had structural impact on American political society. America's major wars of the last half century—Vietnam, Iraq, and Afghanistan—have all been preceded by deep events that have cumulatively contributed to America's current war-based economy.

But of these deep events, 9/11 can be seen as the first to have had not only structural but also *constitutional* implications. For with the introduction of COG before 10:00 A.M. on September 11, 2001, the status of the U.S. Constitution in American society has changed in ways that still prevail. What COG means in practice is still largely unknown to us. It is clear, though, that in abridging habeas corpus and the Fourth Amendment, the innovations after COG and 9/11 made the U.S. constitutional situation more like the situation in Britain, where written statutes are explicitly restricted supplemented by an undefined royal prerogative: a collection of powers belonging to the sovereign, which have no statutory basis.64

Abuse of the British royal prerogative was one of the explicit grievances that ultimately led to the American Revolution. Then as now, it was linked to imperial arrangements for standing armies to wage war. It could be said that in America today, the powers needed for imposing U.S. global dominance in the world have again come to restrict the scope of the constitutional public state.

The extent to which presidential power is limited by congressional statute has been and will be continuously and extensively debated. It is clear, however, that the George W. Bush administration revived the extreme or monarchical view expressed, for the first time in American political history, by former president Richard Nixon that "when the president does it, that means that it is not illegal."65

Jack Goldsmith, a former assistant attorney general in George W. Bush's Justice Department, reported that, inside the White House, Cheney's legal adviser, David Addington, frequently argued that "the Constitution empowers the President to exercise prerogative powers to do what is necessary in an emergency to save the country."66 Goldsmith concluded that "the presidency in the age of terrorism—the

Terror Presidency—suffers from many of the vices of [Nixon's] Imperial Presidency."67

Cheney, supported by Addington, made clear in his Iran-Contra Minority Report of 1987 his belief that "the Chief Executive will on occasion feel duty bound to assert monarchical notions of prerogative that will permit him to exceed the law." Cheney supported this claim by pointing to Jefferson's Louisiana Purchase, which Jefferson, without using the word "prerogative," justified by "the laws of necessity, of self-preservation, of serving our country when in danger."68 But the Cheney–Addington defense of an ongoing prerogative in an ongoing war on terror has far more in common with seventeenth-century British monarchical legal theory than with Jefferson's single resort to such action after a lifetime of attacking the notion of prerogative power.69

As part of the case for an unrestrained or monarchical view of executive power, we have seen the contention that the president may disregard or marginalize treaty obligations prohibiting torture. Before COG was declared on September 11, 2001, a network of laws, developed through checks and balances by all three branches of federal government, prohibited torture. "It was not to last."70

In keeping with Cheney's COG planning in the 1980s, the Bush administration has made similar inroads on habeas corpus, a right conferred by Magna Carta, reaffirmed by the English Parliament in a statute of 1679, and mentioned in the U.S. Constitution. Nevertheless, in defining the constitutional crisis we now face, it is important to see that it is not an unprecedented and anomalous event but rather is rooted in developments over decades.

9/11, Deep Events, and the Global Dominance Mind-Set in American Society

The continuity of past deep events is part of the problem facing those who wish to understand and correct what underlies them, for the mainstream U.S. media (as we now clearly see them) have become so implicated in past protective lies about Korea, Tonkin Gulf, and the JFK assassination that they, as well as the government, have now a demonstrated interest in preventing the truth about *any* of these events from coming out.71

This means that, as I have written elsewhere, the problem is a global dominance mind-set of a war machine that prevails not only inside the Washington Beltway but also in the mainstream media and even in the universities, one that has come to accept recent inroads on constitutional liberties and that stigmatizes—or at least responds with silence to—those who are alarmed by them.72 Just as acceptance of

bureaucratic groupthink is a necessary condition for advancement within the state, so acceptance of this mind-set's notions of decorum has increasingly become a condition for participation in mainstream public life.

In saying this, I mean something more narrow than the pervasive "business-defined consensus" that Gabriel Kolko once asserted was "a central reality," underlying how "a ruling class makes its policies operate."73 I would agree that, at least since the Reagan era, the mind-set I am describing has become more and more clearly identified with the mentality of an overworld determined to protect its privileges and even enlarge them at the expense of the rest of society.

But the mind-set I mean is narrower in focus—originally concerned with defending and now increasingly concerned with enlarging America's dominance in the world in an era of finite and increasingly scarcer resources. And it is also, increasingly, less a consensus than an arena of serious division and debate.

It is clear that the mind-set is not monolithic. There have been recurring notable dissents within it, such as when James Risen and Eric Lichtblau revealed in the *New York Times* that the Bush administration, in defiance of the FISA Act, was engaged in warrantless electronic surveillance of telephone calls inside the United States.74

In the waning years of the Bush administration, there was clearly disagreement, amply reflected in leaks to the media, over whether to attack Iran. J. Scott Carpenter, former deputy assistant secretary of state for Near Eastern Affairs, has revealed that Cheney pushed energetically in mid-2007 for air strikes inside Iran. He was blocked by Pentagon officials who insisted on a prior clear decision about how far the United States would go in escalating the conflict.75

But on other issues where there is less open dissension, notably the Iraq War, the *Times* has conspicuously failed to play the judicious critical role that it did with respect to the U.S. war in Vietnam. In general, as Kristina Borjesson has reported in her devastating book, "Investigative reporting is dwindling . . . because it is expensive, attracts lawsuits, and can be hostile to the corporate interests and/or government connections of a news division's parent company."76 And as to critical thinking about 9/11, as before about the Kennedy assassination, the *Post* has predictably gone out of its way to depict the 9/11 truth movement as a "cacophonous and free-range . . . bunch of conspiracists."77

Deep Events and Intrigues within the Global Dominance Consensus

Many critics of American foreign policy on the left tend to stress its

substantial coherence over time, from the War and Peace Studies project for postwar planning of the Council on Foreign Relations (CFR) in the 1940s to Defense Secretary Charles Wilson's plans in the 1950s for a "permanent war economy" to Clinton's declaration to the United Nations in 1993 that the United States will act "multilaterally when possible, but unilaterally when necessary."78

This view of America's policies has persuaded some, notably Alexander Cockburn, to lament the displacement of coherent Marxist analysis by the "fundamental idiocy" and "foolishness" of "9/11 conspiracism."79 But it is quite possible to acknowledge that there are both ongoing continuities in American policy and also important, hidden, and recurring internal divisions that have given rise to America's structural deep events. These events have repeatedly involved friction between Wall Street and the CFR on the one hand and the increasingly powerful oil- and military-dominated economic centers of the Midwest and the Texas Sunbelt on the other.

At the time that General MacArthur, drawing on his Midwest and Texas support, threatened to challenge Truman and the State Department, the opposition was seen as one between the traditional Europe-Firsters of the Northeast and new-wealth Asia-Firsters. In the 1952 election, the foreign policy debate was between Democratic "containment" and Republican "rollback." Bruce Cumings, following Franz Schurmann, wrote later of the split, even within the CIA, between "Wall Street internationalism" on the one hand and "cowboy-style expansionism" on the other.80

Many have followed Michael Klare in defining the conflict as one, even within the CFR, between "traders" and warrior "Prussians."81 Since the rise to eminence of the so-called Vulcans—notably Donald Rumsfeld, Dick Cheney, and Paul Wolfowitz, backed by the Project for the New American Century—the struggle has frequently been described as a struggle between the multilateralists of the status quo and the unilateralists seeking indisputable American hegemony.82

Underlying every one of the deep events I have mentioned and others, such as the U-2 incident, can be seen this contest between traderly (multilateralist) and warriorly (unilateralist) approaches to the maintenance of U.S. global dominance. For decades the warriorly faction was clearly a minority, but it was also an activist and well-funded minority, in marked contrast to the relatively passive and disorganized traderly majority. Hence, the war machine with its dominance mind-set, thanks to ample funding from the military-industrial complex and also to a series of deep events, was able time after time, but not always (as in the case of *Pueblo* in 1968), to prevail.

The 1970s can be seen as a turning point when a minority CFR faction, led by Paul Nitze, united with corporate executives from the

military-industrial complex like David Packard and pro-Zionist future neoconservatives like Richard Perle to forge a succession of militant political coalitions, such as the Committee on the Present Danger. Cheney and Rumsfeld, then in the Ford White House, participated in this onslaught on the multilateral foreign policy of Henry Kissinger.83 In the late 1990s Cheney and Rumsfeld, even while secretly refining the COG provisions put into force on 9/11, also participated openly in the successor organization to the Committee on the Present Danger, the Project for the New American Century.

From his office interfacing between CIA and the U.S. Air Force, Colonel L. Fletcher Prouty deduced that there was a single Secret Team, within the CIA but not confined to it, responsible for not only the Tonkin Gulf incidents (timed to enable already planned military action against North Vietnam) but other deep events as well, such as the U-2 incident of 1960 (which in Prouty's opinion was planned and timed to frustrate the projected summit conference between Eisenhower and Khrushchev) and even the assassination of President Kennedy (after which the Secret Team "moved to take over the whole direction of the war and to dominate the activity of the United States of America").84

In language applicable to both Korea in 1950 and Tonkin Gulf in 1964, Prouty argued that CIA actions followed a pattern of actions that "went completely out of control in Southeast Asia":

> The clandestine operator . . . prepares the stage by launching a very minor and very secret, provocative attack of a kind that is bound to bring open reprisal. These secret attacks, which may have been made by third parties or by stateless mercenaries whose materials were supplied secretly by the CIA, will undoubtedly create reaction which in turn is observed in the United States. . . . It is not a new game. [but] it was raised to a high state of art under Walt Rostow and McGeorge Bundy against North Vietnam, to set the pattern for the Gulf of Tonkin attacks.85

I mention Prouty's thesis here in order to record my partial dissent from it. In my view his notion of a "team" localizes what I call the global dominance mind-set too narrowly in a restricted group who are not only like-minded but in conspiratorial communication over a long term. He exhibits the kind of conspiratorialist mentality once criticized by G. William Domhoff:

> We all have a tremendous tendency to want to get caught up in believing that there's some secret evil cause for all of the obvious ills of the world. . . . [Conspiracy theories] encourage a belief that if we get rid of a few bad people, everything will be well in the world.86

My own position is still that which I articulated years ago in response to Domhoff: "I have always believed, and argued, that a true understanding of the Kennedy assassination will lead not to 'a few bad people,' but to the institutional and parapolitical arrangements which constitute the way we are systematically governed."87 Quoting what I

had written, Michael Parenti added, “In sum, national security state conspiracies [or what I am calling deep events] are components of our political structure, not deviations from it.”88

The outcome of the deep events I have mentioned so far has been chiefly a series of victories for the war machine.89 But there have been other structural deep events, notably Watergate in 1972–1974 and Iran-Contra in 1986–1987, that can be interpreted as temporary setbacks for it. In *The Road to 9/11*, I have tried to show that Cheney and Rumsfeld, while in the Ford White House, bitterly resented the setback represented by the post-Watergate reforms and immediately set in motion a series of moves to reverse them. I argue there that the climax of these moves was the imposition after 9/11 of their long-planned provisions for COG, formulated under their supervision since the early 1980s.

Thus, since World War II, the warriorly position, initially that of a marginal but conspiratorial minority, has moved since the Reagan and Bush presidencies into an ever more central position. This is well symbolized by the rise in influence since 1981 of the Council for National Policy, originally funded by Texas oil billionaire Nelson Bunker Hunt and explicitly designed to offset the influence of the CFR.90 Comparing the 1950s with the present decade, it is striking how much the status of the State Department has declined in relation to the Pentagon. With the accelerated militarization of the U.S. economy, the question arises whether a more traderly economy and foreign policy can ever again prevail other than by America being ultimately exhausted or even defeated by war.

Toward the end of the Bush era, with the institution of unknown COG procedures, some wrote of the overall subversion of democracy by a new imperial presidency in the Bush White House.91 To date, a new Democratic president, backed by Democratic majorities in both the House and the Senate, has done nothing to end government by secret COG rules, and in September 2009 he actually renewed the state of emergency that led to their being invoked on 9/11.

9/11, the Threat to Constitutional Rights, and Congress

A skeptic might observe that there is still a Congress, with constitutional powers to review and restrict executive actions. And it is true that a joint congressional committee, in 2002, did investigate CIA and FBI activities before and after 9/11.92 The powers of Congress have been weakened, however. A crucial section of this report, dealing precisely with the CIA’s and Saudi government’s relationship to the alleged hijacker al-Mihdar, was classified and withheld by the administration. When some of the explosive

information was leaked to *Newsweek*, the committee members and staff (rather than the Saudi government) became the focus of a criminal leak investigation by the FBI. The chairman, Senator Bob Graham, "thought the leak investigation was an obvious effort by the administration to intimidate Congress. And if that was the intention, it worked. Members of the joint committee and their staffs were frightened into silence about the investigation."93

It would appear that the election of Democratic majorities in both houses of Congress has done little to change this state of affairs. Warrantless electronic surveillance (which Bush referred to as a COG provision)94 was endorsed by the new 110th Congress in the Protect America Act of 2007, an act that restricted FISA Court supervision as the president had wished. This same 110th Congress failed to undo the Military Commissions Act of 2006, which (as Robert Parry wrote in the *Baltimore Chronicle*) "effectively eliminated habeas corpus for non-citizens, including legal resident aliens."95

Just as alarmingly, Congress has shown little or no desire to challenge or even question the overarching assumptions of the war on terror. We are still in a proclaimed national emergency that was first proclaimed by President Bush on September 14, 2001.96 As the *Washington Times* wrote on September 18, 2001, "Simply by proclaiming a national emergency on Friday, President Bush activated some 500 dormant legal provisions, including those allowing him to impose censorship and martial law." The *Washington Times* was referring to presidential Proclamation 7463 of September 14, 2001, "Declaration of National Emergency by Reason of Certain Terrorist Attacks." The state of emergency that was subsequently declared on September 23, 2001, by Executive Order 13224 was again formally extended by President Bush on September 20, 2007.97 Despite public appeals not to do so, President Obama, without discussion, extended it again on September 10, 2009.98

COG, NSPD-51, and the Challenge to Congressional Checks and Balances

The constitutional implications of this state of emergency were aggravated by the president's "National Security and Homeland Security Presidential Directive" (NSPD)-51, of May 9, 2007, which decreed (without even a press release) that "when the president determines a catastrophic emergency has occurred, the president can take over all government functions and direct all private sector activities to ensure we will emerge from the emergency with an 'enduring constitutional government.'"99

The directive, without explicitly saying so, appeared to override the

post-Watergate statutory provisions for congressional regulation enacted in 1977 by the National Emergencies Act:100

Among major newspapers, only the *Washington Post* reported NSPD-51 at all, noting that the "directive formalizes a shift of authority away from the Department of Homeland Security to the White House."101 It added that

> After the 2001 attacks, Bush assigned about 100 senior civilian managers to rotate secretly to locations outside of Washington for weeks or months at a time to ensure the nation's survival, a shadow government that evolved based on long-standing "continuity of operations plans."

However, the *Post* failed to note that these COG plans, which reportedly involve plans for suspension of the Constitution and possibly Congress, were *secret*—the fruit of secret planning over two decades by Dick Cheney and Donald Rumsfeld, even during periods of time when neither of the two men held a government position.102

After urging from constituents, including many members of the 911 truth movement, Congressman Peter deFazio did attempt to see the COG plans in the classified appendices of NSPD-51. Both he and eventually the Chair of the House Committee on Homeland Security were denied the opportunity to see these appendices on the grounds that the committee did not possess the requisite clearances. This should have been a line in the sand for Congress to assert its constitutional rights and duties. But a Democrat-controlled Congress has not acted, and the new Democratic president, Obama, has extended the state of emergency used to justify COG.

By its inaction Congress was apparently failing to meet its legal responsibilities under the National Emergencies Act, one of the post-Watergate reforms. COG had been instituted by Cheney on September 11, 2001, and ratified by Emergency Proclamation 7453 three days later. The National Emergency Act specifies that "not later than six months after a national emergency is declared, and not later than the end of each six-month period thereafter that such emergency continues, each House of Congress shall meet to consider a vote on a joint resolution to determine whether that emergency shall be terminated" (50 U.S.C. 1622, 2002).

Yet in nine years Congress has not once met to discuss the state of emergency declared by George W. Bush on September 14, 2001. In January 2009 an organized appeal from the public for Congress to meet its responsibilities produced just one substantive response: a letter from a congressman saying that the act was no longer operative under COG.

If true, it is a demonstration that Congressman Jack Brooks was correct when, back in 1987, he described COG planning as "a plan . . . that would suspend the American Constitution."103 Congress and the

media have been silent coconspirators in this suspension, of which the public, as yet, seems barely conscious.

IV
America and Afghanistan Today

10
Obama and Afghanistan

America's Drug-Corrupted War

THE PRESIDENTIAL CAMPAIGN OF BARACK OBAMA IN 2008, many thought, "changed the political debate in a party and a country that desperately needed to take a new direction."1 Like most preceding presidential winners dating back at least to John F. Kennedy, what moved voters of all descriptions to back Obama was the hope he offered of significant change. Yet within a year Obama has taken decisive steps not only to intensify America's engagement in Bush's Afghan War but also significantly to enlarge it into Pakistan. If this was change of a sort, it was a change that few voters desired.

Those of us convinced of the existence of a powerful entrenched war machine in Washington were not surprised. The situation was similar to the disappointment experienced following the election of Jimmy Carter: Carter was elected in 1976 with a promise to cut the defense budget. Instead, he initiated both an expansion of the defense budget and the extension of U.S. influence into the Indian Ocean.2

As I wrote in *The Road to 9/11*, after Carter's election

> it appeared on the surface that with the blessing of David Rockefeller's Trilateral Commission, the traditional U.S. search for unilateral domination would be abandoned. But . . . the 1970s were a period in which a major "intellectual counterrevolution" was mustered, to mobilize conservative opinion with the aid of vast amounts of money. . . . By the time SALT II was signed in 1979, Carter had consented to significant new weapons programs and arms budget increases (reversing his campaign pledge).3

The complex strategy for reversing Carter's promises was revived for a successful new mobilization in the 1990s during the Clinton presidency, in which a commission headed by Donald Rumsfeld was prominent. In this way the stage was set, even under Clinton, for the neoconservative triumph in the George W. Bush presidency.4

The Vietnam War as a Template for Afghanistan

The aim of some elements in the war machine has been consistent over the past three decades: to overcome the humiliation of a defeat in Vietnam by doing it again and getting it right. But the principal obstacle to victory in Afghanistan is the same as in Vietnam: the lack of a peaceable society with a viable central government or political force to defend. The relevance of the Vietnam analogy was rejected by Obama in his December 1 speech: "Unlike Vietnam," he said, "we are not facing a broad-based popular insurgency." But the importance of the Vietnam analogy has been well brought out by Thomas H.

Johnson, coordinator of anthropological research studies at the Naval Postgraduate School, and his coauthor Chris Mason. In their memorable phrase, "The Vietnam War is less a metaphor for the conflict in Afghanistan than it is a template":

> It is an oft-cited maxim that in all the conflicts of the past century, the United States has refought its last war. A number of analysts and journalists have mentioned the war in Vietnam recently in connection with Afghanistan. Perhaps fearful of taking this analogy too far, most have backed away from it. They should not—the Vietnam War is less a metaphor for the conflict in Afghanistan than it is a template. For eight years, the United States has engaged in an almost exact political and military reenactment of the Vietnam War, and the lack of self-awareness of the repetition of events 50 years ago is deeply disturbing.5

In their words, quoting Jeffrey Record,

> "the fundamental political obstacle to an enduring American success in Vietnam [was] a politically illegitimate, militarily feckless, and thoroughly corrupted South Vietnamese client regime." Substitute the word "Afghanistan" for the words "South Vietnam" in these quotations and the descriptions apply precisely to today's government in Kabul. Like Afghanistan, South Vietnam at the national level was a massively corrupt collection of self-interested warlords, many of them deeply implicated in the profitable opium trade, with almost nonexistent legitimacy outside the capital city. The purely military gains achieved at such terrible cost in our nation's blood and treasure in Vietnam never came close to exhausting the enemy's manpower pool or his will to fight, and simply could not be sustained politically by a venal and incompetent set of dysfunctional state institutions where self-interest was the order of the day.6

If Johnson had written a little later, he might have added that a major CIA asset in Afghanistan was Ahmed Wali Karzai, brother of President Hamid Karzai, and that Ahmed Wali Karzai was a major drug trafficker who used his private force to help arrange a flagrantly falsified election result.7 This is a fairly exact description of Ngo Dinh Nhu in Vietnam, President Ngo Dinh Diem's brother, an organizer of the Vietnamese drug traffic whose dreaded Can Lao secret force helped, among other things, to organize a falsified election result there.8

This pattern of a corrupt near relative, often involved in drugs, is a recurring feature of regimes installed or supported by U.S. influence. There were similar credible allegations about Chiang Kai-shek's brother-in-law T. V. Soong, Mexican President Echevarría's brother-in-law Rubén Zuno Arce, and the shah of Iran's sister. In the case of Ngo Dinh Nhu, it was the absence of a popular base for his externally installed presidential brother that led to drug involvement "to provide the necessary funding" for political repression.9 This analogy to the Karzais is pertinent.

An additional similarity, not noted by Johnson, is that America initially engaged in Vietnam in support of an embattled minority: the Roman Catholics, who had thrived under the French. In 2001, America engaged in Afghanistan with the support of the Northern

Alliance, a drug-trafficking Tajik–Uzbek minority coalition hostile to the Pashtun majority south of the Hindu Kush. Just as America's initial commitment to the Catholic Diem family fatally alienated the Vietnamese countryside, so the American presence in Afghanistan is weakened by its initial dependence on the Tajiks of the minority Northern Alliance. (The Roman Catholic minority in Vietnam at least shared a language with the Buddhists in the countryside. The Tajiks speak Dari, a version of Persian unintelligible to the Pashtun majority.)

According to an important article by Gareth Porter,

> Contrary to the official portrayal of the Afghan National Army (ANA) as ethnically balanced, the latest data from U.S. sources reveal that the Tajik minority now accounts for far more of its troops than the Pashtuns, the country's largest ethnic group. . . . Tajik domination of the ANA feeds Pashtun resentment over the control of the country's security institutions by their ethnic rivals, while Tajiks increasingly regard the Pashtun population as aligned with the Taliban.
>
> The leadership of the army has been primarily Tajik since the ANA was organised in 2002, and Tajiks have been overrepresented in the officer corps from the beginning. But the original troop composition of the ANA was relatively well-balanced ethnically. The latest report of the Special Inspector General for Afghanistan Reconstruction, issued Oct. 30, shows that Tajiks, which represent 25 percent of the population, now account for 41 percent of all ANA troops who have been trained, and that only 30 percent of the ANA trainees are now Pashtuns. A key reason for the predominance of Tajik troops is that the ANA began to have serious problems recruiting troops in the rural areas of Kandahar and Helmand provinces by mid-2007.10

This problem derives from a major strategic error committed by the United States first in Vietnam and now repeated: the effort to impose central state authority on a country that had always been socially and culturally diverse.11 Johnson and Mason illustrate Diem's lack of legitimacy with a quote from Eric Bergerud:

> The Government of Vietnam (GVN) lacked legitimacy with the rural peasantry, the largest segment of the population. . . . The peasantry perceived the GVN to be aloof, corrupt, and inefficient. . . . South Vietnam's urban elite possessed the outward manifestations of a foreign culture . . . more importantly, this small group held most of the wealth and power in a poor nation, and the attitude of the ruling elite toward the rural population was, at best, paternalistic and, at worst, predatory.12

Johnson rightly questions the U.S. effort to impose Kabul's will on an even more diverse Afghanistan. As he has written elsewhere,

> The characterization of Afghanistan by the 19th Century British diplomat Sir Henry Rawlinson as "consist[ing] of a mere collection of tribes, of unequal power and divergent habits, which are held together more or less closely, according to the personal character of the chief who rules them. The feeling of patriotism, as it is known in Europe, cannot exist among Afghans, for there is no common country" is still true today and suggests critical nuances for any realistic Afghanistan reconstruction and future political agenda.13

According to Johnson, the first eight years of the U.S. war in Afghanistan have also seen the army repeating the strategy of

targeting the enemy that failed in Vietnam:

> Since 2002, the prosecution of the war in Afghanistan—at all levels—has been based on an implied strategy of attrition via clearing operations virtually identical to those pursued in Vietnam. In Vietnam, they were dubbed "search and destroy missions"; in Afghanistan they are called "clearing operations" and "compound searches," but the purpose is the same—to find easily replaced weapons or clear a tiny, arbitrarily chosen patch of worthless ground for a short period, and then turn it over to indigenous security forces who can't hold it, and then go do it again somewhere else. . . . General McChrystal is the first American commander since the war began to understand that protecting the people, not chasing illiterate teenage boys with guns around the countryside, is the basic principle of counterinsurgency. Yet four months into his command, little seems to have changed, except for an eight-year overdue order to stop answering the enemy's prayers by blowing up compounds with air strikes to martyr more of the teenage boys.14

The astute observer Rory Stewart is equally pessimistic about the new counterinsurgency strategy, which according to its proponents needs one "trained counterinsurgent" for every fifty members of the population, or a troop level of from 300,000 (for the Pashtun areas of Afghanistan) to 600,000 (for the whole country):15 "The ingredients of successful counter-insurgency campaigns in places like Malaya—control of the borders, large numbers of troops in relation to the population, strong support from the majority ethnic groups, a long-term commitment and a credible local government—are lacking in Afghanistan."16

Johnson and Mason's depiction of the Vietnam template underlying Afghanistan is important. But there is a glaring omission in their description of power in the Afghan countryside:

> When it is in equilibrium, rural Afghan society is a triangle of power formed by the tribal elders, the mullahs, and the government. . . . In times of peace and stability, the longest side of the triangle is that of the tribal elders, constituted through the jirga system. The next longest, but much shorter side is that of the mullahs. Traditionally and historically, the government side is a microscopic short segment. However, after 30 years of blowback from the Islamization of the Pashtun begun by General Zia in Pakistan and accelerated by the Soviet-Afghan War, the religious side of the triangle has become the longest side of jihad has grown stronger and more virulent.

This remains true but is dated by its omission of drug trafficking and the militias supported by drug trafficking, which since 1980 have become a more and more important element in the power balance. Sometimes the drug traffic adds to the power of tribal elders like Jalaluddin Haqqani or Haji Bashir Noorzai, with tribal drug networks often passed from father to son. But today one of the most important power holders is the drug trafficker Gulbuddin Hekmatyar, a Ghilzai Pashtun from the north without a significant tribal base. Hekmatyar is much like General Dan Van Quang during the Vietnam War in that his power continues to depend in part on his sophisticated heroin-trafficking network in Afghanistan's Kunar and Nuristan provinces.17

The more we recognize that today drugs are a major factor in both

the economy and the power structure of Afghanistan, the more we must recognize that an even better template for the Afghan War is not the Vietnam War, where drugs were important but not central, but the CIA's drug-funded undeclared war in Laos in 1959–1975.

Afghanistan and the Laos Template

I have quoted at great length from Johnson's pessimistic essay in *Military Review*, partly because I believe it deserves to be read by a nonmilitary audience but also because I believe that his excellent analogies to Vietnam are even more pertinent if we recall the CIA's hopeless fiasco in Laos.

Vietnam, for all its problems with Catholic and Montagnard minorities, was essentially a state with a single language and a single, French-imposed system of law. Laos, in contrast, was little more than an arbitrary collection of about 100 tribes with different languages, in which the dominant Tai-speaking Lao Loum tribes made up, in the 1960s, little more than half the total population. Faced with an intractable mountainous terrain, the French wisely devoted little energy to establishing a central power in Laos, which then had one capital for the north and another for the south.18 Like Afghanistan and in contrast to Nepal, Laos remained and remains one of the world's last countries without a railroad.

To supplement their own minimal presence in Laos, the French relied on two minorities with two completely different non-Tai languages: the Vietnamese and the Meo or Hmong. The protracted French war in Indochina produced two armies in Laos, the pro-French Royal Laotian Army, in uneasy alliance with Hmong guerrillas, and the pro-Vietnamese Pathet Lao.

Thus, Laos, when it became nominally independent in 1954, was a quasi state with two armies, a collection of tribes with different languages and customs, and tribe-dividing borders defined arbitrarily to suit Western convenience. All this might have remained relatively stable had not Americans arrived with naive notions of "nation building." Misguided efforts to establish a strong central government rapidly produced two dominating consequences: massive corruption (even worse than Vietnam's) and civil war.19

It would appear that the CIA in Laos, reflecting the opposition of the Dulles brothers to any form of neutralism, *intended* to divide the country and make it an anticommunist battlefield rather than let it slumber quietly under the guidance of its first post-French prime minister, the neutralist Souvanna Phouma (nephew of the king). A CIA officer told *Time* magazine in 1961 that the CIA's aim "was to 'polarize' the communist and anti-communist factions in Laos."20 If

this was truly the aim, the CIA succeeded, creating a conflict that lasted for a decade and a half.

The result of this absurd and criminal U.S. overcommitment was to turn Laos, a profoundly Buddhist nation with an anti-Vietnamese bias, into what is nominally one of the last remaining communist countries in the world. And the principal U.S. ally, a Hmong faction allied earlier with the French, suffered devastating, almost genocidal casualties. (The London *Guardian* charged in 1971 that Hmong villages who "try to find their own way out of the war—even if it is simply by staying neutral and refusing to send their 13-year-olds to fight in the CIA army—are immediately denied American rice and transport, and ultimately bombed by the U.S. Air Force."21)

No one has ever claimed that in Laos, as opposed to Vietnam, "the system worked"22 or that the United States might have prevailed had it not been for faulty decision making at the civilian level.23 From a humanitarian standpoint, America's campaign in Laos was from the outset a disaster. Only one faction profited from that war, international drug traffickers—whether Corsican, Nationalist Chinese, or American.

With the beginning of CIA support for him in 1959, the CIA's client Phoumi Nosavan, for the first time, directly involved his army in the opium traffic, "as an alternative source of income for his [Laotian] army and government. . . . This decision ultimately led to the growth of northwest Laos as one of the largest heroin-producing centers in the world" in the late 1960s.24 (The CIA not only supported General Ouane Rattikone—Phoumi's successor—and his drug-funded army but even supplied airplanes to senior Laotian generals that soon "ran opium for them" without interference.25) Conversely, when the United States withdrew from Laos in the 1970s, opium production plummeted, from an estimated 200 tons in 1975 to 30 tons in 1984.26

The Historical Ravaging of Afghanistan

Afghanistan, somewhat like Laos, has preserved into this century the historic features of what has been called a "mandala,"27 a state not sovereign and unified but loosely combining diverse peoples, legal systems, languages, and religions (Sunni and Shi'a) on both sides of the forbidding Hindu Kush.28 And almost from the outset of the Durrani Afghan kingdom in the eighteenth century, Afghanistan was a state torn and ravaged by foreign interests. Even though technically Afghanistan was never a colony, Afghanistan's rulers were alternatively propped up and then deposed by Britain and Russia, who were competing for influence in an area they agreed to recognize as a glacis, or neutral area, between them.

Such social stability as there existed in the Durrani Afghan kingdom, a loose coalition of tribal leaders, was the product of tolerance and circumspection, the opposite of a monopolistic imposition of central power. A symptom of this dispersion of power was the inability of anyone to build railways inside Afghanistan—one of the major aspects of nation building in neighboring countries.29

The British, fearing Russian influence in Afghanistan, often interfered with this equilibrium of tolerance. This was notably the case with the British foray of 1839, in which their 12,000-man army was completely annihilated except for one doctor. The British claimed to be supporting the claim of one Durrani family member, Shuja Shah, an anglophile whom they brought back from exile in India. With the disastrous British retreat in 1842, Shuja Shah was assassinated.

The social fabric of Afghanistan, with a complex tribal network, was disrupted by such interventions. Particularly after World War II, the Cold War widened the gap between Kabul and the countryside. Afghan cities moved toward a more Western urban culture as successive generations of bureaucrats were trained elsewhere, many of them in Moscow. They thus became progressively more alienated from the Afghan rural areas, which they were trained to regard as reactionary, uncivilized, and outdated.

Meanwhile, especially after 1980, moderate Sufi leaders in the countryside were progressively displaced in favor of radical jihadist Islamist leaders, thanks to massive funding from agents of the Pakistani Inter-Services Intelligence (ISI), dispersing funds that came in fact from Saudi Arabia and the United States.

America's Addiction to Drug-Assisted War: Afghanistan in the 1980s

It is hard to demonstrate that the CIA, when unilaterally initiating a military conflict in Laos in 1959, foresaw the resulting huge increase in Laotian opium production. But two decades later this experience did not deter Brzezinski, Carter's national security adviser, from initiating contact with drug-trafficking Afghans in 1978 and 1979.

It is clear that this time the Carter White House foresaw the drug consequences. In 1980, White House drug adviser David Musto told the White House Strategy Council on Drug Abuse that "we were going into Afghanistan to support the opium growers. . . . Shouldn't we try to avoid what we had done in Laos?"30 Denied access by the CIA to data to which he was legally entitled, Musto took his concerns public in May 1980, noting in a *New York Times* op-ed that Golden Crescent heroin was already (and for the first time) causing a medical crisis in New York. And, he warned, presciently, "this crisis is bound to worsen."31

The CIA, in conjunction with its creation the Iranian intelligence agency SAVAK, was initially trying to increase right-wing pressure on the regime of Afghan president Mohammed Daoud Khan, whose objectionable policy (like that of Souvanna Phouma before him) was to maintain good relations with both the Soviet Union and the West. In 1978, SAVAK- and CIA-supported Islamist agents arrived from Iran "with bulging bankrolls," trying to mobilize a purge of left-wing officers in the army and a clampdown on their party, the People's Democratic Party of Afghanistan.32

The result of this provocative polarization was the same as in Laos: a confrontation in which the left and not the right soon prevailed.33 In a coup that was at least partly defensive, left-wing officers overthrew and killed Daoud; they installed in his place a left-wing regime so extreme and unpopular that by 1980 the Soviet Union (as Brzezinski had predicted) intervened to install a more moderate faction.34

By May 1979 the CIA was in touch with Gulbuddin Hekmatyar, the mujahideen warlord with perhaps the smallest following inside Afghanistan and also the leading mujahideen drug trafficker.35 Hekmatyar, famous for throwing acid in the faces of women not wearing burkas, was the choice not of the Afghan resistance but of the ISI, perhaps because he was the only Afghan leader willing to accept the British-drawn Durand Line as the Afghanistan–Pakistan boundary. As an Afghan leader in 1994 told Tim Weiner of the *New York Times*, "We didn't choose these leaders. The United States made Hekmatyar by giving him his weapons. Now we want the United States to shake these leaders and make them stop the killing, to save us from them."36 Robert D. Kaplan reported his personal experience that Hekmatyar was "loathed by all the other party leaders, fundamentalist and moderate alike."37

The ISI gave most of the U.S. funds it dispersed to two marginal fundamentalist groups—one led by Gulbuddin Hekmatyar and another by Abdul Razul Sayyaf—that it knew it could control, precisely because they lacked popular support.38 This decision belies the usual American rhetoric that the United States was assisting an Afghan liberation movement.39 The popularly based resistance groups, organized on tribal lines, were hostile to this jihadi salafist influence: they were "repelled by fundamentalist demands for the abolition of the tribal structure as incompatible with [the *salafist*] conception of a centralized Islamic state."40

Meanwhile, Hekmatyar, with ISI and CIA protection, began immediately to compensate for his lack of popular support by developing an international traffic in opium and heroin—not on his own, however, but with ISI and foreign assistance. After Pakistan banned opium cultivation in February 1979 and Iran followed suit in

April, the Pashtun areas of Pakistan and Afghanistan "attracted Western drug cartels and 'scientists' [including some 'fortune-seekers' from Europe and the United States] to establish heroin processing facilities in the tribal belt."41

Heroin labs had opened in the North-West Frontier province by 1979 (a fact duly noted by the Canadian *Maclean's Magazine* of April 30, 1979). According to Alfred McCoy, "By 1980 Pakistan-Afghan opium dominated the European market and supplied 60 percent of America's illicit demand as well."42 McCoy also records that Gulbuddin Hekmatyar controlled a complex of six heroin laboratories in a region of Baluchistan, "where the ISI was in total control."43

The consequences were swiftly felt in America, where heroin from the Golden Crescent, negligible before 1979, amounted in 1980 to 60 percent of the U.S. market.44 And by 1986, for the first time, the region supplied 70 percent of the high-grade heroin in the world and supplied a new army of 650,000 addicts in Pakistan itself. Witnesses confirmed that the drug was shipped out of the area on the same Pakistan army trucks that shipped in "covert" U.S. military aid.45

Yet before 1986 the only high-level heroin bust in Pakistan was made at the insistence of a single Norwegian prosecutor; not one was instigated by the seventeen narcotics officers in the U.S. embassy. Eight tons of Afghan–Pakistani morphine base from a single Pakistani source supplied the Sicilian mafia "Pizza Connection" in New York, said by the FBI supervisor on the case to have been responsible for 80 percent of the heroin reaching the United States between 1978 and 1984.46

Meanwhile, CIA Director William Casey appears to have promoted a plan suggested to him in 1980 by the former French intelligence chief Alexandre de Marenches that the CIA supply drugs on the sly to Soviet troops.47 Although de Marenches subsequently denied that the plan, Operation Mosquito, went forward, there are reports that heroin, hashish, and even cocaine from Latin America soon reached Soviet troops, and that along with the CIA–ISI-linked Bank of Credit and Commerce International, "a few American intelligence operatives were deeply enmeshed in the drug trade" before the war was over.48 Maureen Orth heard from Mathea Falco, head of International Narcotics Control for the State Department under Jimmy Carter, that the CIA and ISI together encouraged the mujahideen to addict the Soviet troops.49

In 2007, Afghanistan supplied 93 percent of the world's opium, according to the U.S. State Department. Illicit poppy production, meanwhile, brings $4 billion into Afghanistan,50 or more than half the country's total economy of $7.5 billion, according to the UN Office of Drug Control (UNODC).51 It also represents about a third of the economy of Pakistan and of the ISI in particular, parts of which have

become the key to the drug trade in central Asia. The UN Drug Control Program estimated in 1999 that the ISI made around $2.5 billion annually from the sale of illegal drugs.52

America's Return in 2001, Again with the Support of Drug Traffickers

The social costs of this drug-assisted war are still with us: there are said, for example, to be now 5 million heroin addicts in Pakistan alone. And yet America in 2001 decided to do it again: to try, with the assistance of drug traffickers, to impose nation building on a quasi state with at least a dozen major ethnic groups speaking unrelated languages. In a close analogy to
the use of the Hmong in Laos, America initiated its Afghan campaign in 2001 in concert with a distinct minority, the Tajik-dominated Northern Alliance. In a closer analogy still, the CIA in 2000 (in the last weeks of Clinton's presidency) chose as its principal ally Ahmad Shah Massoud of the Northern Alliance despite the objection of other national security advisers that "Massoud was a drug trafficker; if the CIA established a permanent base [with him] in the Panjshir, it risked entanglement with the heroin trade."53

There was no ambiguity about the U.S. intention to use drug traffickers to initiate its ground position in Afghanistan. The CIA mounted its coalition against the Taliban in 2001 by recruiting and even importing drug traffickers, usually old assets from the 1980s. An example was Haji Zaman, who had retired to Dijon in France, whom "British and American officials . . . met with and persuaded . . . to return to Afghanistan."54

In Afghanistan in 2001 as in 1980 and as in Laos in 1959, the U.S. intervention has been a bonanza for the international drug syndicates. With the increase of chaos in the countryside and the number of aircraft flying in and out of the country, opium production more than doubled, from 3,276 metric tons in 2000 (and 185 in 2001, the year of a Taliban ban on opium) to 8,200 metric tons in 2007.

Why does the United States intervene repeatedly on the same side as the most powerful local drug traffickers? Some years ago, I summarized the conventional wisdom on this matter:

> Partly this has been from *realpolitik*—in recognition of the local power realities represented by the drug traffic. Partly it has been from the need to escape domestic political restraints: the traffickers have supplied additional financial resources needed because of US budgetary limitations, and they have also provided assets not bound (as the U.S. is) by the rules of war. . . . These facts . . . have led to enduring intelligence networks involving both oil and drugs, or more specifically both petrodollars and narcodollars. These networks,
> particularly in the Middle East, have become so important that they affect,
> not just the conduct of US foreign policy, but the health and behavior of the US

government, US banks and corporations, and indeed the whole of US society.55

Persuaded in part by the analysis of authors like Michel Chossudovsky and James Petras, I would now stress even more heavily that American banks, as well as oil majors, benefit significantly from drug trafficking. A Senate staff report has estimated "that $500 billion to $1 trillion in criminal proceeds are laundered through banks worldwide each year, with about half of that amount moved through United States banks."56 The London *Independent* reported in 2004 that drug trafficking constitutes "the third biggest global commodity in cash terms after oil and the arms trade."57

Petras concludes that the U.S. economy has become a narcocapitalist one, involving large amounts of hot or dirty money, much of it from the drug traffic:

> Washington and the mass media have portrayed the U.S. in the forefront of the struggle against narco trafficking, drug laundering and political corruption: the image is of clean white hands fighting dirty money from the Third world (or the ex-Communist countries). The truth is exactly the opposite. U.S. banks have developed a highly elaborate set of policies for transferring illicit funds to the U.S., investing those funds in legitimate businesses or U.S. government bonds and legitimating them. The U.S. Congress has held numerous hearings, provided detailed exposés of the illicit practices of the banks, passed several laws and called for stiffer enforcement by any number of public regulators and private bankers. Yet the biggest banks continue their practices, the sums of dirty money grows exponentially, because both the State and the banks have neither the will nor the interest to put an end to the practices that provide high profits and buttress an otherwise fragile empire.58

Some of the particulars have been summarized by the Canadian commentator Asad Ismi:

> Ninety-one percent of the $197 billion spent on cocaine in the U.S. stays there, and American banks launder $100 billion of drug money every year. Those identified as money laundering conduits include the Bank of Boston, Republic National Bank of New York, Landmark First National Bank, Great American Bank, People's Liberty Bank and Trust Co. of Kentucky, and Riggs National Bank of Washington.
>
> Citibank helped Raul Salinas (the brother of former Mexican president Carlos Salinas) move millions of dollars out of Mexico into secret Swiss bank accounts under false names. . . . In addition, Manufacturers Hanover, Chase Manhattan Bank, Chemical Bank and Irving Trust have admitted not reporting money transfers to the U.S. government (the Bank Secrecy Act of 1970 requires that all transactions over $10,000 be reported). The Bank of America has been fined $4.75 million for not revealing transfers of more than $12 billion.59

In the wake of the 2008 economic crisis, the analysis of Petras found support from the claim of Antonio Maria Costa, head of the UN Office on Drugs and Crime, that "drug money worth billions of dollars kept the financial system afloat at the height of the global crisis." According to the London *Observer*, Costa

> said he has seen evidence that the proceeds of organised crime were "the only liquid investment capital" available to some banks on the brink of collapse last year. He said that a majority of the $352bn (£216bn) of drugs profits was absorbed into the economic

system as a result. . . . Costa said evidence that illegal money was being absorbed into the financial system was first drawn to his attention by intelligence agencies and prosecutors around 18 months ago. "In many instances, the money from drugs was the only liquid investment capital. In the second half of 2008, liquidity was the banking system's main problem and hence liquid capital became an important factor," he said.60

The War Machine and the Drug-Corrupted Afghan War

Thus, the war machine that co-opted Obama into his escalation of a drug-corrupted war is not just a bureaucratic cabal centered on the Pentagon and CIA in Washington. It is solidly grounded in and supported by a wide coalition of forces in our society whose networks extend globally. For this reason the war machine will not be dissuaded by sensible advice from within the establishment, such as the recommendation for Afghan counterterrorism from the RAND Corporation: "Minimize the use of U.S. military force. In most operations against al Qa'ida, local military forces frequently have more legitimacy to operate and a better understanding of the operating environment than U.S. forces have. This means a light U.S. military footprint or none at all."61

It will not be dissuaded by the conclusion of a recent study for the Carnegie Endowment that "the presence of foreign troops is *the most important element* driving the resurgence of the Taliban" (a lesson that could have been learned from the earlier Soviet intervention).62 To justify its global strategic posture of what it calls "full-spectrum dominance," the Pentagon badly needs the "war against terror" in Afghanistan, just as a decade ago it needed the counterproductive "war against drugs" in Colombia.

Full-spectrum dominance is of course not just an end in itself; it is also lobbied for by far-flung American corporations overseas, especially oil companies like Exxon Mobil with huge investments in Kazakhstan and elsewhere in central Asia. As Michael Klare noted in his book *Resource Wars*, a secondary objective of the U.S. campaign in Afghanistan was "to consolidate U.S. power in the Persian Gulf and Caspian Sea area, and to ensure continued flow of oil."63

Afghanistan interested U.S. oil companies less for its own resources than as an opportunity for pipeline access to the Asian petroleum resources of the former Soviet Union. Unocal executive John Maresca testified in 1998 to the House Committee on International Relations on the benefits of a proposed gas pipeline (Centgas) from Turkmenistan through Afghanistan to the coast of Pakistan.64 A second oil pipeline through Afghanistan was also contemplated by Unocal, which brought a Taliban delegation to America for training and lobbying purposes.

For Unocal to have advanced funds for the Taliban conquest of

Kabul (as was alleged by the French observer Olivier Roy) would have been in violation of U.S. law. But the Unocal vice president in charge of the pipeline project was quoted as saying that his company had provided "non-cash bonus payments" to members of the regime in return for their cooperation.65

Right after 9/11, a former Pakistani diplomat, Niaz Naik, told the BBC that the George W. Bush administration delivered threats to the Taliban before 9/11 in support of Unocal's desire to build oil and gas pipelines through the country from Turkmenistan to Pakistan.66 As Chalmers Johnson has commented, "Support for this enterprise [the dual oil and gas pipelines] appears to have been a major consideration in the Bush administration's decision to attack Afghanistan on October 7, 2001."67

The Ambiguous Prospects for Obama's 2009 Increase

Two well-informed observers, both of whom had expressed their hopes for Barack Obama, have expressed divergent assessments of Obama's December 2009 troop increase of 30,000 troops for Afghanistan. This increase, at a cost of $30 billion a year, would bring U.S. troop levels there to about 98,000, along with 32,000 non-U.S. foreign troops and 104,000 U.S.-paid mercenaries, all paid through U.S. contractor companies like Blackwater.68

Obama's speech was approved by the Scot Rory Stewart, whose experience of Afghanistan has included an epic walk across it. Earlier, in July 2009, Stewart had argued that America should abandon the illusions of dominance and nation building in Afghanistan and adopt more modest goals:

> The best Afghan policy would be to reduce the number of foreign troops from the current level of 90,000 to far fewer—perhaps 20,000. In that case, two distinct objectives would remain for the international community: development and counter-terrorism. Neither would amount to the building of an Afghan state. . . .
>
> A reduction in troop numbers and a turn away from state-building should not mean total withdrawal: good projects could continue to be undertaken in electricity, water, irrigation, health, education, agriculture, rural development and in other areas favoured by development agencies. We should not control and cannot predict the future of Afghanistan. It may in the future become more violent, or find a decentralised equilibrium or a new national unity, but if its communities continue to want to work with us, we can, over 30 years, encourage the more positive trends in Afghan society and help to contain the more negative.69

Stewart saw these recommendations as underlying Obama's December 1 speech authorizing a 30,000-troop increase, which was only 75 percent of what former Joint Special Operations Command (JSOC) Chief General McChrystal and the Joint Chiefs had called for:

> Obama's central—and revolutionary—claim is that our responsibility, our means, and our interests are finite in Afghanistan. As he says, "we can't simply afford to ignore the price of these wars." Instead of pursuing an Afghan policy for existential reasons—doing "whatever it takes" and "whatever it costs"—we should accept that there is a limit on what we can do. And we don't have a moral obligation to do what we cannot do. . . . There was no talk of victory. His aim was no longer to defeat but to contain the Taliban: to "deny it the ability to overthrow the government." He explicitly rejected a long "nation-building project." He talked not of eliminating but of keeping the pressure on al-Qaeda. . . . Obama has acquired leverage over the generals and some support from the public *by making it clear that he will not increase troop strength further*.70

Stewart's confidence that Obama will hold troop strength at this new level, if true, would probably mean an impending confrontation with those of his generals convinced that counterinsurgency can work—a confrontation reminiscent of those experienced during the Vietnam War by Presidents Kennedy, Johnson, and Nixon.

However, Stewart's confidence in the Obama program is not shared by Andrew Bacevich, another astute observer and former U.S. army colonel. Bacevich doubts

> the very notion that we can ratchet up our involvement in Afghanistan and then state with confidence at this point that in 18 months we will carefully ratchet our involvement back down again. [Obama] seems to assume that war is a predictable and controllable instrument that can be directed with precision by people sitting in offices back in Washington, D.C. I think the history of Vietnam and the history of war more broadly teaches us something different. And that is, when statesmen choose war, they really are simply rolling the dice. They have no idea of what numbers are going to come up. And their ability to predict, control, direct the outcome tends to be extremely precarious. So from my point of view, the President has drawn the wrong lessons from his understanding of the history of war.71

Asked about Obama's rejection of the Vietnam template, Bacevich responded,

> Well I think the President is unfortunately misreading the history with regard to Vietnam. My sense is that the President has made this decision to escalate in Afghanistan with great reluctance. And it's worth recalling that Lyndon Johnson I think felt a similar reluctance about going more deeply into Vietnam. President Johnson allowed himself to be convinced that really there was no plausible alternative, that to admit failure in Vietnam would have drastic consequences for his own capacity to lead and for the credibility of the United States and so he went in more deeply. And he went in more deeply persuading himself that he, his generals, could maintain control of the situation even as they escalated. I think that may well turn out to be the key error that Obama is also making.72

With more time to reflect on Obama's decision, Bacevich reached an even more pessimistic conclusion:

> Historically, the default strategy for wars that lack a plausible victory narrative is attrition. When you don't know how to win, you try to outlast your opponent, hoping he'll run out of troops, money and will before you do. Think World War I, but also Vietnam. The revival of counterinsurgency doctrine, celebrated as evidence of enlightened military practice, commits America to a postmodern version of attrition. Rather than wearing the enemy down, we'll build contested countries up, while expending hundreds of billions of dollars (borrowed from abroad) and hundreds of

soldiers' lives (sent from home). How does this end? The verdict is already written: The Long War ends not in victory but in exhaustion and insolvency, when the United States runs out of troops and out of money.73

Time will tell whether Obama will successfully resist future demands for troop increases, as Stewart assumes, or will allow counterinsurgency to continue as the new Afghan strategy, which will make further troop increases necessary.74

Although always skeptical about anyone's ability to predict history, I will on this occasion predict that Bacevich's gloom will prove closer to the truth than Stewart's qualified optimism. I predict this because of what neither Stewart nor Bacevich mentions: that the determining factor is less likely to be either the will of a reluctant president or the reigning strategic doctrines of the Pentagon but a third factor: the dominant mind-set in Washington of a drug-corrupted war machine.

Drug Consequences of Our War in Afghanistan

The global drug traffic itself will continue to benefit from the protracted conflict generated by "full-spectrum dominance" in Afghanistan, and some of the beneficiaries may have been secretly lobbying for it. And I fear that all the client intelligence assets organized about the movement of Afghan heroin through central Asia and beyond will, without a clear change in policy, continue as before to be protected by the CIA.75 And America's superbanks like Citibank —the banks allegedly "too big to fail"—are now since the downturn even more dependent than before on the hundreds of billions of illicit profits that they launder each year.76

In both Afghanistan and Laos (as opposed to Vietnam), heroin has been by far the principal export and so important that simply to curtail the production of opium has risked impoverishing those in the areas where opium was grown. This was the reason given for not disrupting heroin flows in the severe winter of 2001–2002, the first year of the American invasion of Afghanistan. The economy was so devastated that, without income from opium, large numbers of Afghans might have starved.

Virtually every study of the Afghan economy agrees with a World Bank Report of 2006 that "the sheer size and illicit nature of the opium economy mean that it infiltrates and seriously affects Afghanistan's economy, state, society, and politics."77 "You take away the opium and you suck the oxygen out of this economy and you'll be treading on the toes of significant players who have built empires around the opium trade, and that includes political and military figures as well as criminal and business figures here in Kandahar."78

A consistent bias of U.S. news reporting on opium and heroin in

Afghanistan has been to blame the Taliban for their production while ignoring the involvement of forces in the Kabul government and in the West. For example, the *New York Times* reported on November 27, 2008, that

> Afghanistan has produced so much opium in recent years that the Taliban are cutting poppy cultivation and stockpiling raw opium in an effort to support prices and preserve a major source of financing for the insurgency, Antonio Maria Costa, the executive director of the United Nations drug office [UNODC], says.79

But, as Jeremy Hammond responds,

> In commentary attached to the UNODC report, Mr. Costa asks, "Who collects this money? Local strong men. In other words, by year end, war-lords, drug-lords and insurgents will have extracted almost half a billion dollars of tax revenue from drug farming, production and trafficking." Notably, Mr. Costa does not answer his question with "the Taliban," but includes a much broader range of participants who profit from the trade that includes, but is in no way limited to, the Taliban.80

In 2006 the previously cited report to the World Bank argued "that at the top level, around 25–30 key traffickers, the majority of them in southern Afghanistan, control major transactions and transfers, *working closely with sponsors in top government and political positions*."81 In 2007 the London *Daily Mail* reported that "the four largest players in the heroin business are all senior members of the Afghan government."82 In December 2009, *Harper's* published a detailed essay on Colonel Abdul Razik, "the master of Spin Boldak," a drug trafficker and Karzai ally whose rise was "abetted by a ring of crooked officials in Kabul and Kandahar as well as by overstretched NATO commanders who found his control over a key border town useful in their war against the Taliban."83

In 2005, for example, Drug Enforcement Administration agents found more than nine tons of opium in the office of Sher Muhammad Akhundzada, the governor of Helmand province and a close friend of Karzai, who had accompanied him into Afghanistan in 2001 on a motorbike. The British successfully demanded that he be removed from office.84 But the news report confirming that Akhundzada had been removed announced also that he had been simultaneously given a seat in the Afghan senate.85

Former warlord and provincial governor Gul Agha Sherzai, an American favorite who in 2009 endorsed Karzai's reelection campaign, has also been linked to the drug trade.86 In 2002, Gul Agha Sherzai was the go-between in an extraordinary deal between the Americans and leading trafficker Haji Bashar Noorzai whereby the Americans agreed to tolerate Noorzai's drug trafficking in exchange for supplying intelligence on and arms of the Taliban.87 By 2004, according to House International Relations Committee testimony, Noorzai was smuggling two metric tons of heroin to Pakistan every

eight weeks.88

Citing the statistics in the UNODC's annual reports, Hammond estimates that the reported Taliban revenues from opium ($90 million to $160 million) are less than 5 percent of the total earned drug income in Afghanistan in 2008 ($3.4 billion), or 6 percent of the total in 2009 ($2.8 billion). The estimates for *all* insurgents (not just Taliban) are from $200 million to $400 million, or less than 12 percent of the total Afghan drug income in 2008 ($3.4 billion). This figure in turn is only about 5 percent of the UNODC estimate of what that crop was worth in the world market ($65 billion).89 While one can debate the details of these estimates, it is obvious that the Taliban and insurgent share of the Afghan dope trade remains small.

It follows that there are many players with a much larger financial stake in the Afghan drug traffic than local Afghan drug lords, al-Qaeda, and the Taliban. Sibel Edmonds has charged that Pakistani and Turkish intelligence, working together, utilize the resources of the international networks transmitting Afghan heroin.90 In addition, Edmonds "claims that the FBI was also gathering evidence against senior Pentagon officials—including household names—who were aiding foreign agents."91 Douglas Risen reports that one of these senior officials argued in a White House meeting "that counter-narcotics was not part of the war on terrorism, and so Defense wanted no part of it in Afghanistan."92

As noted earlier, Loretta Napoleoni has argued that there is a Turkish and ISI-backed Islamist drug route of al-Qaeda allies across north-central Asia, reaching from Tajikistan and Uzbekistan through Azerbaijan and Turkey to Kosovo.93 Dennis Dayle, a former top-level Drug Enforcement Administration agent in the Middle East, has corroborated the CIA's historic interest in that region's drug connection. I was present when he told an antidrug conference that "in my 30-year history in the Drug Enforcement Administration and related agencies, the major targets of my investigations almost invariably turned out to be working for the CIA."94

Above all, it has been estimated that 80 percent or more of the profits from the traffic are reaped in the countries of consumption.95 We can be confident that some of those profits have been channeled into lobbying for the war machine's efforts in Afghanistan.

It is because of the larger share of drug profits going to supporters of the Kabul government that U.S. strategies to attack the Afghan drug trade are explicitly limited to attacking drug traffickers supporting the insurgents.96 Such strategies have the indirect effect of increasing the opium market share of the past and present CIA assets in the Karzai regime (headed by Hamid Karzai, a former CIA asset),97 including the president's brother Ahmed Wali Karzai, an active CIA asset, and Abdul Rashid Dostum, a former CIA asset.98

As I have observed elsewhere, the aim of all U.S. antidrug campaigns abroad has never been the hopeless ideal of eradication. The aim of all such campaigns has been to alter market share: to target specific enemies and thus ensure that the drug traffic remains under the control of those traffickers who are allies of the state security apparatus and/or the CIA. This was notably true of Laos in the 1960s, when the CIA intervened militarily with air support to assist Ouane Rattikone's army, in a battle over a contested opium caravan in Laos.99 And it is true in Afghanistan today, where it is U.S. policy to target only those traffickers who support the insurgents.

Consequences for America of a Drug-Corrupted War

But this toleration of the traffic has led to another similarity with Vietnam and Laos in the 1960s: the increasing addiction of GIs to heroin, Afghanistan's principal export. Despite the denial one has come to expect from high places, it is (according to Salon's Shaun McCanna) "not difficult to find a soldier who has returned from Afghanistan with an addiction. Nearly every veteran of Operation Enduring Freedom I have spoken with was familiar with heroin's availability on base, and most knew at least one soldier who used while deployed."100

And the reported easy availability of heroin outside Afghanistan's Bagram air base, like that four decades ago outside Vietnam's American base at Long Binh, points to another alarming similarity. Just as at the height of the Vietnam War, heroin was shipped to the United States in coffins containing cadavers,101 so now we hear from General Mahmut Gareev, a former Soviet commander in Afghanistan, that

> Americans themselves admit that drugs are often transported out of Afghanistan on American planes. Drug trafficking in Afghanistan brings them about 50 billion dollars a year—which fully covers the expenses tied to keeping their troops there. Essentially, they are not going to interfere and stop the production of drugs.102

Gareev's charge has been repeated in one form or another by a number of other sources, including Pakistani General Hamid Gul, a former ISI commander:

> "Abdul Wali Karzai is the biggest drug baron of Afghanistan," he stated bluntly. He added that the drug lords are also involved in arms trafficking, which is "a flourishing trade" in Afghanistan. "But what is most disturbing from my point of view is that the military aircraft, American military aircraft are also being used. You said very rightly that the drug routes are northward through the Central Asia republics and through some of the Russian territory, and then into Europe and beyond. But some of it is going directly. That is by the military aircraft. . . . We have Afghans still in Pakistan, and they sometimes contact and pass on the stories to me. And some of them are very authentic. I

can judge that. So they are saying that the American military aircraft are being used for this purpose. So, if that is true, it is very, very disturbing indeed."103

Another slightly different testimony is from General Khodaidad Khodaidad, the current Afghan minister of counternarcotics:

> The Afghan minister of counter narcotics says foreign troops are earning money from drug production in Afghanistan. General Khodaidad Khodaidad said the majority of drugs are stockpiled in two provinces controlled by troops from the US, the UK, and Canada, IRNA reported on Saturday. He went on to say that NATO forces are taxing the production of opium in the regions under their control.104

I do not accept these charges as proven, despite the number of additional sources for them. None of the sources quoted here can be considered an objective source with no ax to grind. However, the charges are plausible because of history. Just as in Vietnam and Laos, the United States made its initial alliances in Afghanistan with drug traffickers both in 1980 and again in 2001, and this is a major factor explaining the endemic corruption of the U.S.-sponsored Karzai regime today. One has to consider whether some Americans did not intend for their Afghan assets, just as earlier in Burma, Laos, and Thailand, to supplement CIA subsidies to their budgets with income from drug trafficking.

In short, the impasse that the United States faces in Afghanistan, in its efforts to support an unpopular and corrupt regime, must be understood in the light of its past relations to the drug traffic there—a situation that resembles the past U.S. involvement in Laos even more than in Vietnam. It is this sustained pattern of intervention in support of drug economies—and with the support of drug traffickers—that so depresses observers who had hoped desperately that, in this respect, Obama would bring a change.

The question remains: how many Americans, Afghans, and Pakistanis will have to die before we can begin to end this drug-corrupted, drug-corrupting war? And as the United States continues to increase its unwelcome presence in the Muslim world, in how many new countries—Yemen? Somalia? Sudan?—will this conflict spread? 105

11
Conclusion

The War Machine and the Deep Politics of Drugs

ALL THOUGHT IS SOCIALLY CONDITIONED. At the center of large, highly developed societies, all bureaucratic thought is bureaucratically conditioned.1 At the heart of dominant societies, this bureaucratic thinking slowly acquires the features of a dominance mind-set, and those conditioned by this mind-set come to participate in what I have called a war machine.2

The episode of the bombed MG in Palo Alto, California, witnessed and then forgotten by both Alfred McCoy and myself, shows that the limits of socially conditioned thought are reinforced internally—that is, psychologically—as well as externally—by the mores of social decorum. What I have called deep events—events that are too difficult or painful to assimilate—are simply repressed, forgotten, or ignored by minds that are not yet able to process them. Systematic underlying patterns of such deep events create the conditions for what I have called deep politics.

Protecting the Drug Traffic as a Function of the War Machine

The message of this book is that there is a deep politics of drug trafficking in America and that this deep politics of drugs has contributed to the rise of the offensive American war machine. It also helps explain why the United States is in Afghanistan, how it fights the war, and why it will not speedily withdraw. We have already seen numerous informed exposés by experts of why we should not be sending troops to Afghanistan, just as we have seen numerous well-reasoned accounts of why prohibition will be no more successful dealing with drugs than it was during the 1920s dealing with alcohol. Nearly all these accounts will fail to have any influence until they take into account the presence within the war machine of highly placed *traffic protectors*—those who work from inside the system not to protect civil society from the drug traffic but to protect the drug traffic from civil society.3

When I talk about the deep politics of drug traffic protectors, I am talking about a phenomenon more pervasive and deep rooted than the external manifestations of it discussed in this book, such as the continuous involvement of the CIA with drug traffickers or the dysfunctional operations of the Drug Enforcement Administration (DEA) and the so-called war on drugs. I am talking about deep forces so pervasive that no one, including myself, can fully understand them.

All we can do is grab at unexplained clues, such as the forgotten bomb in Palo Alto, and begin to connect these dots.

Writing this book has empowered me to see the significance of another such clue in my own life—one I have already written about in part but without adequately exploring its implications. In the summer of 1987, I worked in Washington as senior fellow of the International Center for Development Policy (ICDP), a Washington think tank that had as one of its objectives the investigation and exposure of charges that the CIA's proxies in Nicaragua, the so-called Contras, were involved in drug trafficking. In this capacity I was present as an expert witness at a closed House committee hearing to give testimony, if called on, on this topic.

I was not called on. The congressman who had convened the meeting, Charles Rangel, made it clear at the outset that, as I wrote years ago in *Cocaine Politics*, he "had only called the meeting in response to the persistent demands of his constituents and that he did not have the intention, the means, or the mandate to investigate these charges."4 He listened while three papers alleging Contra drug involvement, including my own, were read aloud and then swiftly terminated the meeting.

Two days later, on July 23, 1987, the *Washington Post* carried a story beginning,

> A House committee that has been investigating allegations that leaders of the Nicaraguan contras were involved in drug smuggling yesterday reported it has discovered no evidence to support the allegations.
>
> "None of the witnesses gave any evidence that would show the contra leadership was involved in drug smuggling," said Rep. Charles B. Rangel (D-N.Y.), chairman of the Select Committee on Narcotics Abuse and Control. . . . The committee, which has received reams of testimony from hundreds of witnesses . . .5

All this was a flat-out lie: there had been three witnesses, not hundreds, all claiming that there *was* such evidence. (The lie was published by the *Washington Post*, whose publisher, Joseph Alsop's friend Katharine Graham, would the next year tell an audience at CIA headquarters that "there are some things the general public does not need to know and shouldn't."6) Rangel immediately wrote a four-page letter denying the remarks attributed to him, which the *Post* declined to publish. However, on July 26 it did retract the story, which cannot today be found on LexisNexis.

But the story lived on to serve the purpose of the traffic protectors. It was quoted in a staff report to the chairman of the House Iran/Contra Committee, Lee Hamilton, as evidence against "media-exploited allegations that U.S. government condoned drug trafficking by Contra leaders or that Contra leaders . . . did in fact take part in such activity."7

To justify reliance on a retracted story, the staff report, which was

actually published in November 1987, was spuriously backdated to July 23, 1987, three days before the retraction. By this means, Hamilton, who knew better, was able to extend the lie. (It was years later that a report from the CIA inspector general, Fred Hitz, would reveal that in 1987 Hamilton, as Chair of the House Permanent Subcommittee on Intelligence, was regularly receiving reports from the CIA about Contra-related drug trafficking.8)

Efforts to counter the ICDP and contain the Contra-drug scandal went beyond the planting of false stories. At the time, Oliver North, with help from the CIA, was engaged in a vigorous—and at times possibly illegal—effort to frustrate the efforts of Senator John Kerry to investigate the Contras' drug connections. North falsely accused one of Kerry's witnesses, Jack Terrell (then housed at the ICDP), of being a "terrorist threat" who had offered "to assassinate the President of the United States." By this ruse North induced the FBI to investigate not only Terrell but also the entire ICDP.9

The FBI liaison to the National Security Council also allegedly told Vince Cannistraro, a council member, that North "was trying to interfere with a bureau investigation into allegations that the Contras were involved in running drugs."10

At the time, I thought of North's and Hamilton's devices as efforts to protect a CIA operation—the Contras. But whatever was in their mind, the effect was to protect the drug traffic, especially when we consider that a single Contra supporter, the Honduran trafficker Juan Ramón Matta Ballesteros, was officially estimated (according to *Newsweek*) to supply "perhaps one-third of all the cocaine consumed in the United States."11

Shielding the Drug Trafficking of al-Qaeda and the Taliban

Lee Hamilton's protection of drug trafficking was not confined to his engineered whitewash of the Contras. As cochair of the 9/11 Commission and signer of its report, he was responsible for a remarkable whitewash of al-Qaeda with respect to drug trafficking: "While the drug trade was a source of income for the Taliban, it did not serve the same purpose for al Qaeda, and there is no reliable evidence that Bin Ladin was involved in or made his money through drug trafficking."12

The report's denial of al-Qaeda drug involvement ignored considerable counterevidence, some of it official. In December 2003 the U.S. Central Command had reported that a dhow was intercepted near the Strait of Hormuz, carrying almost two tons of hashish valued at up to $10 million. There were "clear ties" between the shipment

and al-Qaeda, the Centcom statement said.13

The 9/11 Commission Report was released in July 2004, four months after the March 2004 Madrid bombings, which at the time (though not later) were generally ascribed to al-Qaeda.14 By April 2004, Spanish authorities announced (correctly) that the bombers had "apparently financed their operation with drugs."15 In December 2009, three men alleged to be al-Qaeda associates were charged in a federal New York court with conspiring to support their terrorist activities by smuggling cocaine through Africa.

In like manner *The 9/11 Commission Report* failed to discuss the drug and other criminal allegations surrounding al-Qaeda's principal support group in the United States. This was the al-Kifah Refugee Center at "the Farouq mosque in Brooklyn, where a central figure was Sheikh Omar Abdel Rahman," later arrested and convicted "for crimes related to the [1993] World Trade Center bombing and other plots [the so-called Landmarks or Day of Terror plot]."16 There was no discussion of the *New York Times* report, back in 1993, that, according to investigators, "some of the 11 men charged in the [Day of Terror] plot to bomb New York City targets are also suspected of trafficking in drugs."17

The report's suppression of the terrorist drug connection in America coincided with a more serious U.S. protection of the heroin traffic in Afghanistan itself. At the start of the U.S. offensive in 2001, according to Ahmed Rashid, "the Pentagon had a list of twenty-five or more drug labs and warehouses in Afghanistan but refused to bomb them because some belonged to the CIA's new NA [Northern Alliance] allies."18 Rashid was "told by UNODC officials that the Americans knew far more about the drug labs than they claimed to know, and the failure to bomb them was a major setback to the counter-narcotics effort."19

James Risen reports that the ongoing refusal to pursue the targeted drug labs came from neoconservatives at the top of America's national security bureaucracy.20 As we have seen, these men were perpetuating a pattern of drug traffic protection in Washington that dates back to World War II.21 Especially after the election of Obama in 2008, drug trafficking that could be linked to the insurgents became more of an official target. But as we saw in the previous chapter, the insurgents' share of drug-trafficking revenues collected in Afghanistan was only about a tenth of the total, with the bulk of the remainder shared between the Karzai machine and the warlords associated with it.

In other words, U.S. official protection of the global drug traffic continues today. Americans have to recognize that the war machine projecting U.S. military power into distant corners of the world has as one of its components people who—no doubt in the name of national security—are actively protecting major drug traffickers from the

sanctions of the public state.

The United States and the Global Drug Traffic in 2010

As already stated in this book, America's impact on the rest of the globe since 1945 has been schizophrenic. While some U.S. agencies have striven to consolidate a system of international law, America's clandestine agencies, above all the CIA, have resorted to the use of criminals, above all drug traffickers, in covert operations that repeatedly subvert international law.22 Whatever the intentions of this practice, the result over time has been to consolidate a global system where, more and more frequently, corruption and multinational crime prevail over the fragile legal institutions of specific countries.

Through four decades we in America have become inured to the CIA's alliances with drug traffickers (and their bankers) to sustain right-wing governments. The pattern has repeated itself in Italy, Mexico, Thailand, Laos, Nigeria, Venezuela, Colombia, Peru, Chile, Panama, Honduras, Turkey, Pakistan, and now Afghanistan—to name only those countries dealt with in this book.

As Pakistan's President Zardari (himself accused of corruption) has stated,

> America abandoned its democratic values to support dictators and manipulate and exploit us. In the 1980s, the United States supported Gen Muhammad Zia ul-Haq's iron rule against the Pakistani people while using Pakistan as a surrogate in the war against the Soviets in Afghanistan. That decade turned our peaceful nation into a "Kalashnikov and heroin" society, a nation defined by guns and drugs.23

As the global drug traffic expanded, along with CIA protection of it, a global system of international corruption consolidated itself. Intelligence–drug connections imposed themselves on country after country, allowing drug trafficking and corruption to operate unscathed.

America had other motives—notably natural resources such as oil—to sustain corrupt and often tyrannous dictators throughout the Third World, from Mobuto in Zaire to Noriega in Panama, Pinochet in Chile, Marcos in the Philippines, Suharto in Indonesia, Zia in Pakistan, and Park Chung Hee in South Korea. As Naomi Klein has described, these dictators were used by the United States to institute economic belt-tightening that would never have been accepted in a democracy.24 Half or more of these dictators or their families were directly or indirectly benefiting from drug trafficking.25 We in America have become inured to that too.

We have seen how the Bank of Credit and Commerce International (BCCI) was at the center of the CIA's complex relationship in the

1980s to Pakistan, the Pakistani Inter-Services Intelligence (ISI), and the Afghan mujahideen. Visible in the background of the BCCI empire were supermanipulators such as Adnan Khashoggi, Bruce Rappaport, and Marc Rich, all of whom have been linked in different ways to the CIA and all of whom are still with us today.26 According to U.S. officials, Osama bin Laden himself had accounts in BCCI, and one official called BCCI "the mother and father of terrorist financing operations."27

Although BCCI collapsed in 1991, the network it coordinated has remained in place, virtually unaffected:

> A 70-page French intelligence report claims: "The financial network of bin Laden, as well as his network of investments, is similar to the network put in place in the 1980s by BCCI for its fraudulent operations, often with the same people (former directors and cadres of the bank and its affiliates, arms merchants, oil merchants, Saudi investors). The dominant trait of bin Laden's operations is that of a terrorist network backed up by a vast financial structure."28

In the years since 9/11, we have seen the emergence of more and more diverse terrorist networks—in Spain, Algeria, India, and other countries. But preliminary evidence suggests that the same financial system—perhaps "milieu" would be a better word—endures behind most of them. This is a conclusion with immense practical implications. For America, in the twenty-first as in the twentieth century, is still using and protecting drug traffickers and their financiers as assets in efforts to go after terrorist networks. That financial system or milieu is itself a major part of the real enemy, the real problem. Yet we have not seen—and are unlikely to see—efforts to dismantle the "vast financial structure"—or system or milieu—itself.

The reason for this is obvious. The financial network depends for its survival on the corruption of local officials in various countries, reinforced by its intelligence–drug connections. Its influence extends to America itself: we noted earlier the Senate staff estimate "that $500 billion to $1 trillion in criminal proceeds are laundered through banks worldwide each year, with about half of that amount moved through United States banks."29

This is the corrupt status quo that America is striving to preserve and that the Taliban and al-Qaeda, whatever their ugly demerits, are seeking to overthrow.

Dawood Ibrahim, the ISI, and the CIA

A key example is the ISI in Pakistan, which, as Ahmed Rashid has written, expanded in the 1980s, "with CIA backing and the funneling

of massive amounts of U.S. military aid . . . into a parallel structure wielding enormous power over all aspects of [Pakistani] government."30 Today the ISI, in complicity with the United States, bestows protection on Dawood Ibrahim, lord of the Karachi and Mumbai waterfronts, who is simultaneously a drug trafficker, a terrorist, and a politically powerful financier.31

Gretchen Peters has characterized Ibrahim as the head of a "global crime conglomerate."32 "Wanted in India for his role in the 1993 Mumbai blasts that killed hundreds and accused of smuggling massive narcotics shipments into the UK and Europe, Ibrahim has the dubious distinction of being the only person Washington has designated both a 'Global Terrorist Supporter' and a 'Foreign Narcotics Kingpin.'"33

In 2003 the United States declared Dawood Ibrahim a "global terrorist" for having allegedly brokered a financial arrangement to share smuggling routes with Osama bin Laden.34 In 2005, *U.S. News* wrote about Dawood Ibrahim as "one of the world's most wanted terrorists" and described him as an asset of Pakistan's military intelligence service, the ISI:

> The ISI then made Dawood an offer: If he relocated to Pakistan's port city of Karachi and kept working with the ISI, it would guarantee him control of the nation's coastal smuggling routes. For 12 years now, Dawood has called Pakistan home, where he is believed to own shopping malls, luxury homes, and shipping and trucking lines that smuggle arms into India and heroin into Europe. India's FBI, the Central Bureau of Investigation, puts D Company's annual income in the hundreds of millions of dollars and says it has up to 5,000 members.
>
> In Pakistan, Dawood has ties to several terrorist groups, say U.S. officials, including Lashkar-e-Taiba, blamed by India for October [2005]'s bombings in New Delhi, which killed at least 60, and a bloody 2001 attack on India's Parliament. He has allegedly met with al Qaeda leaders and even made a deal to share his smuggling routes with al Qaeda operatives.35

As late as July 2007, the DEA was reported to be cooperating with Indian agencies in efforts to arrest Ibrahim.36 One week later, *The Times of India* reported that ISI had rounded up Ibrahim and his two top lieutenants "to pre-empt possible proactive steps by Washington."37

In March 2008, *The Times of India* alleged that

> "D-Company" is now officially part of the Lashkar-e-Toiba's terror network, with Pakistan's notorious Inter-Services Intelligence (ISI) getting Dawood Ibrahim to merge his gang with the fundamentalist terror organisation as part of a gameplan to crank up its anti-India campaign. Sources in Indian agencies tracking ISI's moves confirmed the coming together of the two outfits and the danger that it poses to India.38

Seven months later, Lashkar-e-Taiba launched a major bombing attack on Mumbai, with the logistical assistance of Ibrahim's crime conglomerate, D-Company. Soon afterward, Yoichi Shimatsu, former editor of the *Japan Times*, wrote that Ibrahim "had worked with the

US to help finance the mujahideen during the 1980s and that because he knows too much about the US' 'darker secrets' in the region, he could never be allowed to be turned over to India'":39

> Dawood . . . attracted the attention of American secret agents, then supporting the Islamic mujahideen in their battle against the Soviet occupiers of Afghanistan. Dawood personally assisted many a U.S. deep-cover operation funneling money to Afghan rebels via American-operated casinos in Kathmandu, Nepal. Eager to please all comers, Dawood occasionally got his wires crossed, providing travel documents and other amenities to Islamist airplane hijackers. In response, Washington spymasters tried to unofficially "impound" his investment in the Nepalese casinos.40

New insight into the U.S. connection to the Dawood Ibrahim network came in 2009, when an American citizen, David Headley (alias Daood Gilani), was arrested "for allegedly helping plot a 2008 killing spree by Pakistan-based militants in Mumbai that killed more than 160 people, including six Americans."41 An important story reported in the Indian, British, and Canadian presses but not in the U.S. press was that Headley was a double agent who, after an arrest on narcotics charges, had been recruited first by the DEA and then by the CIA. According to the *London Times*, Headley

> came to the attention of the US security services in 1997 when he was arrested in New York for heroin smuggling. He earned a reduced sentence by working for the US Drug Enforcement Agency (DEA) infiltrating Pakistan-linked narcotics gangs. Indian investigators, who have been denied access to Mr Headley, suspect that he remained on the payroll of the US security services—possibly working for the Central Intelligence Agency (CIA)—but switched his allegiance to LeT [Lashgar-e-Taiba]. . . . Despite being firmly on the radar of the US intelligence agencies, he was allowed to return to India as recently as March. Indian officials are furious that their American counterparts did not share details of that visit at the time. The Indian media has raised the possibility that Mr Headley was being protected by his American handlers—a theory that experts say is credible. "The feeling in India is that the US has not been transparent," said B. Raman, a former counter-terrorism chief in the Indian foreign intelligence service, the Research and Analysis Wing. "That Headley was an agent for the DEA is known. Whether he was being used by the CIA as well is a matter of speculation, but it is almost certain that the CIA was aware of him and his movements across the subcontinent."42

Drug Traffickers, the U.S. Media, and the U.S. War Machine

The behavior of America's mainstream media corroborates that Ibrahim, like his predecessors, may now enjoy some kind of high-level U.S. intelligence protection. When Mumbai was struck by terrorists in November 2008, U.S. officials and the mainstream media initially endorsed India's claims that the attackers were from Lashkar-e-Taiba and for about a week did not hesitate to report India's additional request for the extradition of Dawood Ibrahim.43 But in the sixty-nine days after December 7, 2008, according to LexisNexis, at the time there were sixty-one news stories mentioning Ibrahim, from Australia, New Zealand, Ireland, Britain, Singapore, and Denmark—but *not one*

from the United States. This silence has continued into the Obama era: in June 2009, a search for Ibrahim on Google News yielded 122 hits but *not one* from the United States. In January 2010, LexisNexis again yielded sixty-three hits from around the world but *not one* from the United States.

The protection extended by the United States to some of the world's top drug traffickers frequently includes media protection. Take, for example, the CIA's former asset Li Wen-huan of the Kuomintang (KMT) Third Army in Thailand, accurately described by James Mills as "one of the most powerful narcotics traffickers on earth . . . controlling the opium from which is refined a major percentage of heroin entering the United States."44 In the seventy years since Operation Paper first authorized U.S. support to his KMT forces, there has never been a single press reference to him in the *New York Times* or to his ally General Tuan Hsi-wen (Duan Xiwen) of the KMT Fifth Army. In like manner, one will find no reference to Alberto Sicilia Falcon, described by R. T. Naylor as "arrested in Tijuana in 1975 and charged with masterminding the most important marijuana and cocaine smuggling yet uncovered" in Mexico.45 And when other U.S.-associated drug traffickers make news, such as Thai dictator Phao Sriyanon or Syrian drugs and arms merchant Monzer al-Kassar, their drug activities are rarely if ever mentioned.

All thought is socially conditioned. Americans in large numbers must learn to think outside the parameters set for them by America's mainstream media.

Gretchen Peters has well summarized how

> US authorities so far have focused on catching high-value targets within al Qaeda and the Taliban, rather than *going after the system* supporting them. As Robert Charles, the former counternarcotics chief at the State Department, puts it: "It's as if we stumbled upon a combustion engine and we are reaching in trying to grab the individual pistons, and forgetting we should just cut the flow of gasoline." Eight years after 9/11, the single greatest failure in the war on terror is not that Osama bin Laden continues to elude capture, or that the Taliban has staged a comeback, or even that al Qaeda is regrouping in Pakistan's tribal areas and probably planning fresh attacks on the West. Rather, it's the spectacular incapacity of western law enforcement to *disrupt the flow of money that is keeping their networks afloat*.46

But Peters blames U.S. failures on the skill of drug traffickers in using *hawala*, or trade-based money laundering. Writing for the mainstream consensus, she does not contemplate the relevant fact that, as we have seen, a good deal of that flow ends up in the United States and helps prop up banks in urgent need of cash from any source.

Let me refer again to the Senate staff claim that "some current estimates are that $500 billion to $1 trillion in criminal proceeds are laundered through banks worldwide each year, with about half of that

amount moved through United States banks."47 The same staff report also noted Citibank's private banking activities with Mexican President Carlos Salinas's brother Raúl (noted previously) and also Asif Ali Zardari, then only President Benazir Bhutto's husband and now himself Pakistan's president.

It did not use to be disputed that Zardari was caught up in major corruption scandals and that companies controlled by Zardari deposited tens of millions into Citibank's private banks in Switzerland and Dubai:

> The source was A.R.Y. International Exchange, a company owned by Abdul Razzak Yaqub, a fabulously wealthy Pakistani gold bullion trader living in Dubai. Razzak also owns a Pakistani television station. Benazir Bhutto's government awarded Razzak an exclusive and very valuable licence to import gold just three months after the payment. Razzak used this to import more than $500 million worth of gold into Pakistan. Razzak has denied making any payments to Zardari.48

According to the Senate staff report,

> On September 8, 1997, the Swiss government issued orders freezing the Zardari and Bhutto accounts at Citibank and three other banks in Switzerland at the request of the Pakistani government. Since Citibank had closed its Zardari accounts in January 1997, it took no action nor did it make any effort to inform U.S. authorities of the accounts until late November 1997. Citibank contacted the Federal Reserve and OCC about the Zardari accounts in late November, in anticipation of a New York Times article that eventually ran in January 1998, alleging that Mr. Zardari had accepted bribes, and that he held Citibank accounts in Dubai and Switzerland. . . . On December 5, 1997, Citibank prepared a Suspicious Activity Report on the Zardari accounts and filed it with the Financial Crimes Enforcement Network at the U.S. Department of Treasury. The filing was made fourteen months after its decision to close the Zardari accounts; thirteen months after Mr. Zardari was arrested a second time for corruption in November 1996; and nearly two months after the Swiss government had ordered four Swiss banks (including Citibank Switzerland) to freeze all Zardari accounts. . . . Citigroup Co-Chair John Reed informed the Subcommittee staff that he had been advised by Citibank officials in preparation for a trip to Pakistan in February 1994, that there were troubling accusations concerning corruption surrounding Mr. Zardari, that he should stay away from him, and that he was not a man with whom the bank wanted to be associated. Yet one year later, the private bank opened three accounts for Mr. Zardari in Switzerland. Mr. Reed told the Subcommittee staff that when he learned of the Zardari accounts he thought the account officer must have been "an idiot."49

To gain perspective on the American connections to foreign criminals and intelligence–drug connections, we must look beyond mainstream books, even the best, to authors like Tom Burghardt on the Internet:

> Pakistan's shadowy military intelligence bureau [ISI], with organizational and operational linkages to the Taliban, al-Qaeda, the CIA and Britain's MI6 has long been suspected of funding planetary-wide terrorist operations and nuclear smuggling in part, through "black money" derived from the drugs trade and other rackets. Despite this sordid history, the ISI and their organized crime-linked assets have long been viewed by Washington as allies in America's so-called "war on terror." While American "counterterrorism officials" are now calling for the heads of Ibrahim, his associate Tiger Memon and former ISI Director, retired Lieutenant General Hamid Gul, described by the

> usual unnamed sources as—what else!—"rogue elements," the United States and their NATO partners have made liberal use of these jokers in a score of destabilization ops that span continents.50

The CIA's choice of such assets is patently not in the public U.S. interest but very much suits the goals of the war machine: of the U.S. military and U.S. oil companies in the region and the big banks that recycle the profits of corrupt leaders like Zardari. As Pepe Escobar points out in *Asia Times*, the "U.S. Empire of Bases" is "still in overdrive and in New Great Game mode—which implies very close surveillance over Russia and China via bases such as Bagram, and the drive to block Russia from establishing a commercial route to the Middle East via Pakistan."

Escobar goes on to comment,

> Last but not least, the energy wars. And that involves that occult, almost supernatural entity, the $7.6 billion Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, which would carry gas from eastern Turkmenistan through Afghanistan east of Herat and down Taliban-controlled Nimruz and Helmand provinces, down Balochistan in Pakistan and then to the Pakistani port of Gwadar in the Arabian Sea. No investor in his right mind will invest in a pipeline in a war zone, thus Afghanistan must be "stabilized" at all costs.51

Oil ministers from the four relevant countries agreed in April 2008 to start work on the TAPI pipeline.52 But the deteriorating situation in Pakistan, particularly in the region around Kandahar through which the pipeline would pass, almost immediately put such plans in doubt.53 TAPI was further threatened when, on May 24, 2009, Pakistani President Asif Ali Zardari met Iranian President Mahmud Ahmadinejad in Tehran, and the two men signed an agreement for an alternative pipeline (the Iran–Pakistan–India pipeline) from Iran's South Pars gas field through Baluchistan into Pakistan.54

I predict that with the current Afghani–Pakistani conflict offering so little prospect of resolution, we are more likely to see the heroin traffic than a TAPI pipeline.55 It is also my view that, if it wished, America could better attack both terrorism and the drug traffic by reversing course, ending drone attacks, and radically reducing military violence. The best way to cut off funding for terrorism would be to decriminalize drug use in the West and establish government control over the distribution of opiates. This would make it possible to buy the existing opium harvest in Afghanistan while moving substituting opium production with alternative crops like saffron.

I say all this without the slightest hope that such reforms can be effected by America's present political system. In her generally well-reasoned book, Gretchen Peters argues against buying up Afghanistan's opium crop on the dubious ground that there would be no market to absorb it.56 Obviously, her book, pitched to reach an audience of policymakers in Washington, will not consider, even

theoretically, the alternative of ending the era of drug prohibition.

But it is clear to many observers that drug prohibition, a Western policy under the control of Western governments, is the underpinning to the global financial structure underlying terrorism. As Misha Glenny writes in *McMafia*, "Prohibition is . . . a godsend to terrorist networks" because "the astronomical profits generated by drugs lie in these commodities' illegality."57

I am not going to argue this obvious point at length because I have learned through many decades that there is virtually no chance of these arguments being listened to in Washington. Why this is the case is anyone's guess. My own guess that an irrationality so great is accounted for by many reasons and that the policy priorities of the American war machine are among them.58

What perhaps can be realized in Washington is that our present policies in Afghanistan, if intended to make America more secure, are spectacularly counterproductive. The U.S. campaign in Afghanistan has predictably expanded into neighboring Pakistan and is now threatening the stability of the entire country.59 Now, as the war intensifies there, there are confirmed reports that al-Qaeda operatives are leaving Pakistan to intensify conflict in and from Yemen and Somalia.60

It is obvious that U.S. attacks in the Afghani–Pakistani areas, seen vividly on television around the world, are inspiring scores of unrelated counterattacks by Muslim *jihadis*. Even in the United States itself, "a 23-year-old man upset about the wars in Iraq and Afghanistan opened fire from his truck at two soldiers standing outside a military recruiting station here [in Little Rock] on Monday morning, [June 1, 2009], killing one private and wounding another, the police said."61 Five months later we saw the tragic Fort Hood massacre by Major Nidal Malik Hasan, a Muslim U.S. Army psychiatrist unwilling to be deployed to Iraq.62 Sadly, there will be more such tragedies absent a change of policy in Washington.

The thinking in the Pentagon seems to be that if we decapitate the enemy by killing its highest-level leaders, the movement against us will lose direction and become a low-level police problem. But jihadism is in fact a widely and increasingly dispersed phenomenon, dispersed in part by America's own misplaced efforts. For example, the Madrid massacre of 2004 was operationally linked to global terrorism on the reality level in just one respect: its financing by the local drug traffic.63

America's security will be better served if it tries to live up to its own professed ideals, observe both its domestic laws and international law, and abide by the UN Charter and conventions. This would of course mean replacing its current military efforts in central Asia with other, less violent policies.

But so far, under Obama as earlier under Bush, Washington is moving in the opposite direction. The Afghani–Pakistani conflict is being escalated, and the war on terror may be extended to Yemen. The inroads on the American public state that we have seen since 9/11 are being perpetuated. The state of emergency declared by Bush in September 2001 is also being prolonged by Obama without debate in Congress, despite the legislative requirement for such congressional review.64 Muslims continue to be detained in conditions at odds with constitutional guarantees of habeas corpus.

Americans elected their first African American president because they believed the promise he gave them of change. But clearly it will require an unprecedented popular effort to enforce a change to the global dominance mind-set of the U.S. war machine.

Expanded World Drug Production as a Product of U.S. Interventions

The truth is that since World War II, the CIA, without establishment opposition, has become addicted to the use of assets who are drug traffickers, and there is no reason to assume that they have begun to break this addiction. The devastating consequences of CIA use and protection of traffickers can be seen in the statistics of drug production, which increases where America intervenes and also declines when American intervention ends.

Just as the indirect American intervention of 1979 was followed by an unprecedented increase in Afghan opium production, so the pattern has repeated itself since the American invasion of 2001. Opium poppy cultivation in hectares more than doubled, from a previous high of 91,000 in 1999 (reduced by the Taliban to 8,000 in 2001) to 165,000 in 2006 and 193,000 in 2007. (Although 2008 saw a reduced planting of 157,000 hectares, this was explained chiefly by previous overproduction, in excess of what the world market could absorb.)

No one should have been surprised by these increases: they merely repeated the dramatic increases in every other drug-producing area where America has become militarily or politically involved. This was demonstrated over and over in the 1950s in Burma (thanks to CIA intervention, from 40 tons in 1939 to 600 tons in 1970),65 Thailand (from 7 tons in 1939 to 200 tons in 1968), and Laos (from less than 15 tons in 1939 to 50 tons in 1973).66

The most ironic case is that of Colombia, where the intervention of U.S. troops since the late 1980s has been misleadingly justified as a part of a “war on drugs.” At a conference in 1990, I predicted that this intervention would be followed by an increase in drug production, not a reduction.67 But even I was surprised by the size of the increase that ensued. Coca production in Colombia tripled between 1991 and 1999

(from 3.8 thousand to 12.3 thousand hectares), while the cultivation of opium poppy increased by a multiple of 5.6 (from .13 thousand to .75 thousand hectares).68 There is no single explanation for this pattern of drug increase. But it is essential that we recognize American intervention as integral to the problem rather than continue to look to it as a solution.

It is now accepted in Washington that Afghan drug production is a major source of all the problems America faces in Afghanistan today. Richard Holbrooke, now Obama's special representative to Afghanistan and Pakistan, wrote in a 2008 op-ed that drugs are at the heart of America's problems in Afghanistan and that "breaking the narco-state in Afghanistan is essential, or all else will fail."69 It is true that, as history has shown, drugs sustain jihadi salafism, far more surely than jihadi salafism sustains drugs.70

But at present, America's government and policies are contributing to the drug traffic and are not likely to curtail it. The so-called war on terror—and, in particular, the war in Afghanistan—constitutes only the latest chapter in this dreary story.

Final Words

THIS HAS BEEN A BOOK ABOUT AN IMPERFECTLY PERCEIVED BUT PERNICIOUS, murderous, ongoing, and often criminal interaction between the forces of covert operations and of drug trafficking—an interaction I have called the global drug connection. I have argued that this global drug connection (including whatever ancillary dark forces are working with it) has been a seriously underrecognized factor in America's deep events, in American politics, and particularly in the wars and other foreign adventures of the U.S. war machine. As a result of early unauthorized decisions by small groups, using secrecy as cover and drug traffickers as assets, America's war machine grew to be able to induce preemptive wars repeatedly in Southeast Asia and Afghanistan, wars that were deceptively disguised, by deceptive deep events, as responses to enemy provocations. In the case of Afghanistan, it is particularly remarkable that the tragedies of the Laos and Vietnam wars were willingly and consciously prolonged or repeated by later presidents, including President Obama, who came to office promising change.

If I have depicted American politics as deeply embroiled in the coils of deep and powerful forces whose influence have been too little recognized, it is not my view that the American political system is beyond hope. My motive for writing has been hope for this embattled nation—and for the world—not a rationale for disillusionment and alienation.

It is true, as I wrote in *The Road to 9/11*, that I believe we must work to achieve greater integration in American civil society before we can expect any major redirection of U.S. politics away from permanent war. That does not mean that I regard the present political establishment as totally incorrigible or doomed.

I could have praised some of the important actions of each of America's postwar presidents, even some of those whose rise to power was most visibly shaped by elements of the U.S. war machine and its covert forces. Depending on what events follow in coming decades, it is at least possible that the American twentieth century may (like the British nineteenth century or the Roman second century) be remembered as an era of large wars averted, even while costly and unnecessary small wars were being fought.

If such proves to be the verdict of history, we should then credit the following:

- Truman, who, after authorizing Operation Paper, recalled MacArthur from Korea in 1952 and resisted the demands to use nuclear weapons in that war;
- Eisenhower, who, in 1954, having earlier threatened to use

nuclear weapons in Korea, refused to intervene militarily in defense of the French at Dien Bien Phu;
• Kennedy, who, while escalating in Vietnam, turned down serious proposals to nuke Russia, invade Cuba, and put 60,000 U.S. troops into Laos;
• Johnson, who initiated the first overt warfare against North Vietnam but also resisted dangerous proposals to escalate and enlarge it;
• Nixon, who, while expanding and intensifying the Vietnam War, engaged in the painful process of normalizing relations with both China and the Soviet Union;
• Carter, who continued the same process; and
• Reagan, who reached an understanding with the Soviet Union that he had once denounced as the "evil empire."

Even in the past two decades (about which we are still not well informed), we should credit the following:

• George H. W. Bush, who both initiated the Gulf War and resisted the pressures to convert it into an invasion and occupation of Iraq;
• And, yes, George W. Bush, who both gratuitously invaded Iraq and in 2006–2007 turned back the very real neoconservative pressures to bomb (and possibly even nuke) the nuclear installations of Iran.

No one can tell the whole story of this complex nation and its politics. But it is safe to say that narratives of U.S. power that are completely of one color, whether optimistic or pessimistic, are unhelpfully one sided. The forces of the war machine have repeatedly driven this country to engage in preemptive wars, but at times the same forces have also been contained. In short, the public state and the war machine, while intertwined, are not identical (even if the relationship resembles that of Philip drunk to Philip sober).

Many authors have chosen to resolve this issue by offering two cheers rather than the customary three for the American government and its so-called democratic system. I myself, despite all I have written in this book, would like to conclude by offering at least one.

The other two cheers I offer to the American people. It is true that the gradual strengthening of democracy in this country has seen a proliferation not only of ridiculous candidates but also of harmful causes that inflame hatreds. Nonetheless, one cheer goes to the American people as a whole for their general humanity and resistance to jingoism.

The other cheer is for those peace-minded Americans who gave us, in the midst of the Cold War, outstanding examples of how a society can be significantly reshaped by nonviolent persuasion from below. I

am referring principally to the civil rights movement that ended overt legal racism in this country and helped inspire other similar movements, some successful and some as yet unsuccessful, around the world. But we can add the antiwar movement, the first example in history where a mobilized public opinion was able to hasten the end of an unwinnable war.

For more than a century the land and people of America have provided hope and inspiration to freedom-seeking peoples elsewhere. That could continue to be the case—but only if a mobilized American public can restore rightful priorities to its broken political system, corrupted by drugs and war.

Notes

Introduction

1. He attached great importance to the fact that, while much of the steel door was burned away, the wooden floor of the car was barely charred.

2. I narrated this recovered memory first in my poem *Coming to Jakarta* (New York: New Directions, 1989), 147–48, and then a second time a decade later in *Minding the Darkness* (New York: New Directions, 2000), 138.

3. Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Traffic* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), xii, quoting Scott, *Coming to Jakarta*, 147–48. I believe that when I first checked with McCoy about this in 1990, his memory ended with our descending the stairs from the veteran's home "to see something."

4. David E. Kaplan, "Spying on the San Diego Street Journal (and other Americans)," *U.S. News & World Report*, January 9, 2006, http://www.todaysalternativenews.com/index.php?event=link,150&values%5B0%5D=&values%5B1%5D=2668: "Among the Street Journal's reporters was a young Lowell Bergman, whose later exploits as a *60 Minutes* TV producer would be portrayed by Al Pacino in the movie *The Insider*. 'We were targets along with a lot of other people,' recalls Bergman. 'By 1971 we'd all left town.'"

5. George O'Toole, *The Private Sector* (New York: Norton, 1978), 145, quoted in Peter Dale Scott, *Deep Politics and the Death of JFK* (Berkeley: University of California Press, 1998), 269. America in the 1960s and 1970s was engulfed in mass violence. The government's resort to it in proxy operations was not wholly gratuitous; like many of the groups it targeted, it sincerely believed that revolution here was imminent or had already begun. But the two incidents I have just described, against nonviolent antiwar groups, must be described as surplus violence, inviting and perhaps even designed to provoke a violent response. At some point, elements of the antiwar Students for a Democratic Society did eventually—as the so-called Weathermen—resort to bombs themselves. A full history of the antiwar movement will have to assess the extent to which gratuitous government violence was a factor in leading to the Weathermen's formation.

6. "Those investigating American Indian history and U.S. history more generally have failed to reckon with the violence upon which the continent was built" (Ned Blackhawk, *Violence over the Land: Indians and Empires in the Early American West* [Cambridge, MA: Harvard University Press, 2006], 3).

7. Graham Adams, *Age of Industrial Violence 1910–1915: The Activities and Findings of the United States Commission on Industrial Relations* (New York: Columbia University Press, 1971).

8. Scott, *Minding the Darkness*, 137.

9. I suspect in fact that most readers will be tempted to reject and forget my anecdote of the bombed car door as something that simply "doesn't compute" with their own observations of America.

10. Although this is a topic too broad for this book, I would suggest that three sorts of deep events, most of them still hotly debated, date further back in U.S. history than those associated with the postwar global dug connection: 1) *provocations and/or deceptions leading to war*, such as the sinking of the ocean liner *Lusitania* in 1915, which was instrumental in bringing America into World War I; 2) *intrigues inducing policy change*, as when a Supreme Court decision in *Santa Clara County v. Southern Pacific Railroad Company* (1886) was converted (by a court reporter who happened to be a former railroad president) into a "ruling" that corporations are persons protected by the Fourteenth Amendment (see Thom Hartmann, *Unequal Protection: The Rise of Corporate Dominance and the Theft of Human Rights* [New York: Rodale Books, 2002]); and 3) *plots for leadership change*, such as the alleged murder by arsenic of President Zachary Taylor in 1850 (see Michael Parenti, *History as Mystery* [San Francisco: City Light Books, 1999], 304), the Lincoln assassination, or General Smedley Butler and the so-called Business Plot of 1935.

11. E.g., *New York Times*, June 6, 1971; McCoy, *The Politics of Heroin*, 286–87.

12. Among the CIA veterans interviewed by McCoy at this time were Edward Lansdale (June 17, 1971, Alexandria, Virginia), Lucien Conein (June 18, 1971, McLean, Virginia),

Bernard Yoh (June 15, 1971, Washington, D.C.), and William Young (September 8 and 14, 1971, Chiangmai).

13. Peter Dale Scott, *Crime and Cover-Up: The CIA, the Mafia, and the Dallas-Watergate Connection* (Palo Alto, CA: Ramparts Press, 1977), 46–49; Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 179.

14. J. Patrice McSherry, *Predatory States: Operation Condor and Covert War in Latin America* (Lanham, MD: Rowman & Littlefield, 2005), 42, 71.

15. Naomi Klein, in her otherwise shrewd analysis, oversimplifies when she calls the murder "Pinochet's most outrageous and defiant crime since the coup itself" (Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* [New York: Metropolitan/ Henry Holt, 2007], 99).

16. Peter Kornbluh, "Kissinger Blocked Demarche on International Assassinations to Condor States," National Security Archive, April 10, 2010, http://www.gwu .edu/~nsarchiv/NSAEBB/NSAEBB312/index.htm.

17. Peter Dale Scott, "Miami-Dade Reversal—A Cuban Terrorist Payback to Bush Family?" Pacific News Service, December 7, 2000.

18. *New York Times*, October 12, 1976.

19. Joseph J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* (New York: Carroll and Graf, 2005), 81.

20. John Prados, *Safe for Democracy: The Secret Wars of the CIA* (Chicago: Ivan R. Dee, 2006), 424. *Foreign Affairs* Senior Fellow Kenneth Maxwell writing in 2004 for the Council on Foreign Relations reached the same conclusion. He noted that "other assassinations of opposition figures planned by Condor in Europe were in fact prevented because the United States tipped off the governments in question (France and Portugal) in advance" (David Maxwell, review of Peter Kornbluh, *The Pinochet File: A Declassified Dossier on Atrocity and Accountability* ("Fleeing the Chilean Coup," *Foreign Affairs*, January/February 2004), http:// www.foreignaffairs.org/ 20040101faresponse83116/william-d-rogers-kenneth-maxwell/fleeing-the-chilean -coup-the-debate-over-u-s-complicity.html). Maxwell was here simply epitomizing the detailed arguments put forward earlier by John Dinges and Peter Kornbluh. Yet both the Council on Foreign Relations and its president, Richard Haass, arguably moderates in today's distorted political spectrum, allowed a blustering denial to be published by Kissinger associate William D. Rogers and then refused Maxwell the chance to document his charges. Maxwell eventually resigned.

21. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: The CIA, Drugs, and Armies in Central America* (Berkeley: University of California Press, 1998), 30–31, 33.

22. Robert Hutchison, *Their Kingdom Come: Inside the Secret World of Opus Dei* (New York: St. Martin's/Griffin, 2006), 262–65; David Yallop, *In God's Name: An Investigation into the Murder of Pope John Paul I* (New York: Carroll and Graf, 2007).

23. Scott, *Deep Politics*, 99–106 (banana companies), 154–59 (newspaper circulation wars); Thomas Repetto, *American Mafia: A History of Its Rise to Power* (New York: Henry Holt, 2004), 206–10 (Henry Ford), 198–206 (entertainment).

24. Thomas Repetto, *Bringing Down the Mob* (New York: Henry Holt, 2006), 78–81.

25. Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 279, citing Hank Messick, *Lansky* (New York: Putnam's 1971), 89. Cf. Shanghai Power Company (American and Foreign Power) and Tu-Yueh Sheng of the Chinese Green Gang (Scott, *Coming to Jakarta*, 95–96).

26. Max Weber, *The Theory of Social and Economic Organization* (New York: Free Press, 1964), 154.

27. Ovid Demaris, *Captive City* (New York: Pocket Books, 1970), 34–35.

28. Amy B. Zegart, *Flawed by Design: The Evolution of the CIA, JCS, and NSC* (Stanford, CA: Stanford University Press, 1999), 189, citing Christopher Andrew, *For the President's Eyes Only* (New York: HarperCollins, 1995), 172.

29. Thomas Etzold and John Gaddis, *Containment: Documents on American Policy and Strategy 1945–1950* (New York: Columbia University Press, 1978), 125.

30. U.S. Congress, House, Permanent Select Committee on Intelligence, *IC 21: The Intelligence Committee in the 21st Century* (Washington, DC: Government Printing Office, 1996), 205, quoted by John Kelly, "Crimes and Silence: the CIA's Criminal Acts and the Media's Silence," in Kristina Borjesson, *Into the Buzzsaw: Leading Journalists Expose the Myth of a Free*

Press (New York: Prometheus Books, 2002), 311.

31. OPC's rollback efforts in the Ukraine and Albania were by contrast ill-supported failures.

32. Seymour M. Hersh, "Preparing the Battlefield," *New Yorker*, July 7, 2008, http://www.newyorker.com/reporting/2008/07/07/080707fa_fact_hersh; Syed Saleem Shahzad, "Where Pakistan's Militants Go to Ground," *Asia Times*, October 23, 2009, http://www.atimes.com/atimes/South_Asia/KJ23Df03.html. Hersh writes that JSOC's "strategy of using ethnic minorities to undermine Iran is flawed." In later chapters I shall similarly criticize the CIA's use of Hmong in Laos and Tajiks in Afghanistan. JSOC was also involved in the chasing down of Colombian drug kingpin Pablo Escobar, a feat achieved with the assistance of Colombia's Cali Cartel.

33. Adam Ciralsky, "Tycoon, Contractor, Soldier, Spy," *Vanity Fair*, January 2010, http://www.vanityfair.com/politics/features/2010/01/blackwater-201001.

34. Jeremy Scahill, "The Secret US War in Pakistan," *The Nation*, November 23, 2009, http://www.thenation.com/doc/20091207/scahill.

35. Steve Coll, *Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden, from the Soviet Invasion to September 10, 2001* (New York: Penguin, 2004), 90; cf. Prados, *Safe for Democracy*, 489.

36. Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* (Boston: Houghton Mifflin, 1992), 133.

37. Truell and Gurwin, *False Profits*, 133n.

38. U.S. Congress, Senate, *The BCCI Affair, a Report to the Senate Committee on Foreign Relations from Senator John Kerry, Chairman, and from Senator Hank Brown, Ranking Member, Subcommittee on Terrorism, Narcotics, and International Operations*, December 1992, 102nd Cong., 2nd sess., Senate Report No. 102-140, "BCCI, the CIA, and Foreign Intelligence," 320, http://www.fas.org/irp/congress/1992_rpt/bcci/11intel.htm; Alan A. Block and Constance A. Weaver, *All Is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime* (Westport, CT: Praeger, 2004), 27–33, 83–85; *Wall Street Journal*, October 23, 1991; Scott, *The Road to 9/11*,95, 108, 325.

39. In 1978, when the United States terminated economic assistance to Pakistan because of its nuclear program, Abedi had come to Zia's rescue with emergency loans from BCCI (Truell and Gurwin, *False Profits*, 80–81).

40. Truell and Gurwin, *False Profits*, 153.

41. Truell and Gurwin, *False Profits*, 133.

42. Adrian Levy and Catherine Scott-Clark, *Deception: Pakistan, the United States, and the Secret Trade in Nuclear Weapons* (New York: Walker and Co., 2007), 125.

43. Steve Coll, *The Bin Ladens: An Arabian Family in the American Century* (New York: Penguin, 2008), 249.

44. Jonathan Beaty and S. C. Gwynne, *The Outlaw Bank: A Wild Ride into the Secret Heart of BCCI* (New York: Random House, 1993), 66. Those interested in BCCI should also read the defense of the bank by Abid Ullah Jan, *From BCCI to ISI: The Saga of Entrapment Continues* (Ottawa: Pragmatic Publications, 2006).

45. Beaty and Gwynne, *The Outlaw Bank*, 48–50; McCoy, *The Politics of Heroin*, 479–80. Fazle Haq was the governor of Pakistan's North-West Frontier province; at the same time he was also an important CIA contact and supporter of the Afghan mujahideen, some of whom—it was no secret—were supporting themselves by major opium and heroin trafficking through the North-West Frontier province. By 1982, Fazle Haq would be listed by Interpol as an international narcotics trafficker. However, after lengthy correspondence with Fazle Haq's son, I am persuaded that there are no known grounds to accuse Fazle Haq of having profited personally from the drug traffic. See "Clarification from Peter Dale Scott re Fazle Haq," 911Truth.org, http://www.911truth.org/article.php?story=20090223165146219.

46. M. Emdad-ul Haq, *Drugs in South Asia: From the Opium Trade to the Present Day* (New York: Palgrave, 2000), 204–5, quoted in McCoy, *The Politics of Heroin*, 480.

47. Levy and Scott-Clark, *Deception*, 128.

48. *Washington Post*, November 11, 2007, B01.

49. *Guardian*, May 31, 2008, http://www.guardian.co.uk/world/2008/may/31/nuclear.internationalcrime. According to David Albright, a former UN weapons inspector in Washington, the network member, Urs Tinner, was recruited by the CIA from 1999 to 2000 and "was on the CIA payroll for a very large sum of money."

50. Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (New Haven, CT: Yale University Press, 2001), 129 (Casey); Prados, *Safe for Democracy*, 489 (Langley).

51. Lawrence Wright, *The Looming Tower: Al-Qaeda and the Road to 9/11* (New York: Knopf, 2006), 131–34.

52. United Nations Office on Drugs and Crime, *World Drug Report, 2004*, http://www.unodc.org/pdf/WDR_2004/Chap3_opium.pdf.

53. McCoy, *The Politics of Heroin*, 162, 191, 286–87. McCoy's estimate of the Kuomintang's impact on expanding production is extremely conservative. According to Bertil Lintner, the foremost authority on the Shan states of Burma, "The annual production increased from a mere 30 tons at the time of independence [1945] to 600 tons in the mid-1950s" (Bertil Lintner, "Heroin and Highland Insurgency," in Alfred W. McCoy and Alan A. Block, *War on Drugs: Studies in the Failure of U.S. Narcotics Policy* [Boulder, CO: Westview Press, 1992], 288). Furthermore, the Kuomintang's exploitation of the Shan states led thousands of hill tribesmen to flee to northern Thailand, where opium production also increased.

54. State Customs Committee of Azerbaijan, "Opium Production in Afghanistan (1980–2005)," http://www.az-customs.net/en/hq15.htm.

55. McCoy, *The Politics of Heroin*, 464.

56. Beaty and Gwynne, *The Outlaw Bank*, 295.

57. Council on Foreign Relations, "Afghanistan Opium Survey, 2007," August 2007, http://www.cfr.org/publication/14099/afghanistan_opium_survey_2007.html.

58. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 33.

59. *San Francisco Chronicle*, March 8, 1997, A10. Francois allegedly controlled the capital, Port-au-Prince, with a network of hirelings who profited on the side from drug trafficking.

60. *Time*, November 29, 1993, http://www.time.com/time/magazine/article/0,9171,979669,00.html: "The shipments continued, however, until Guillen tried to send in 3,373 lbs. of cocaine at once. The DEA, watching closely, stopped it and pounced." Cf. *New York Times*, November 23, 1996 ("one ton").

61. CBS News Transcripts, *60 Minutes*, November 21, 1993.

62. *Wall Street Journal*, November 22, 1996. The information about the drug activities of Guillen Davila and François had been published in the U.S. press years before the indictments. It is probable that, had it not been for the controversy aroused by Gary Webb's Contra-cocaine stories in the August 1996 *San Jose Mercury*, these two men and their networks would have been as untouchable as other kingpins in the global CIA drug connection whom we shall discuss, such as Miguel Nassar Haro in Mexico.

63. Chris Carlson, "Is the CIA Trying to Kill Venezuela's Hugo Chávez?" Global Research, April 19, 2007.

64. Douglas Valentine, *The Strength of the Pack: The People, Politics and Espionage Intrigues That Shaped the DEA* (Springfield, OR: TrineDay, 2009), 400; *Time*, November 23, 1993. McFarlin had worked with antiguerrilla forces in El Salvador in the 1980s. The CIA station chief in Venezuela, Jim Campbell, also retired.

65. Peter Dale Scott, "Washington and the Politics of Drugs," *Variant* 2, no. 11 (Summer 2000): 3–6; Scott and Marshall, *Cocaine Politics*, vii–xiv.

66. CBS, *60 Minutes*, November 21, 1993. Cf. Valentine, *The Strength of the Pack*, 400.

67. At the time, the CIA was plotting, successfully, to bring down Pablo Escandar, chief of the Medellín cartel, using the assistance of the drug-trafficking death squad leader Carlos Castaño, who was working for the rival Cali cartel (Scott, *Drugs, Oil, and War*, 88).

68. Scott, *Drugs, Oil, and War*, 89, citing Paul Eddy, *The Cocaine Wars* (New York: Norton, 1988), 342 (Blum).

69. "Afghan Drug Trafficking Brings US $50 Billion a Year," *RussiaToday*, August 20, 2009, http://russiatoday.com/Top_News/2009-08-20/afghanistan-us-drug-trafficking.html. Cf. "Russian State TV Suggests USA Involved in Drug-Trafficking from Afghanistan," *RAWANews*, February 18, 2008, http://www.rawa.org/temp/runews/2008/02/17/russian-state-tv-suggests-usa-involved-in-drug-trafficking-from-afghanistan.html.

70. David Bromwich, *New York Review of Books*, November 20, 2008, 33.

Chapter 1: Sanctioned Violence, the Dominance Machine, and the Overworld

1. Gareth Jenkins, "Susurluk and the Legacy of Turkey's Dirty War," *Terrorism Monitor*, May 1, 2008, http://www.jamestown.org/terrorism/news/article.php?articleid=2374142.

2. Martin A. Lee, "Turkey's Drug-Terrorism Connection," *ConsortiumNews*, January 25, 2008, http://www.consortiumnews.com/2008/012408a.html.

3. Lucy Komisar, "The Assassins of a Pope," *Albion Monitor*, April 6, 1997, http://www.monitor.net/monitor/9703b/turkeycia-sidebar.html: "Both had worked together in a previous assassination effort. In 1979, Ali Agca killed a Turkish newspaper editor. Catli was in on the plot. When the police arrest[ed] Agca, they found a false passport belonging to Catli. Catli then reportedly helped organize Agca's escape from an Istanbul military prison, and some have suggested Catli was even involved in the Pope's assassination attempt." In 1998 *Le Monde diplomatique* alleged that Abdullah Çatli had organized the assassination attempt on the pope "in exchange for the sum of 3 million German marks" for the Grey Wolves ("Turkey's Pivotal Role in the International Drug Trade," *Le Monde diplomatique*, July 1998).

4. Ertugrul Kurkcu, "Turkey: Trapped in a Web of Covert Killers," *Covert Action Quarterly* 61, http://mediafilter.org/CAQ/caq61/CAQ61turkey.html.

5. Douglas Valentine, *The Strength of the Pack: The People, Politics and Espionage Intrigues that Shaped the DEA* (Springfield, OR: TrineDay, 2009), 140.

6. Daniele Ganser, *NATO's Secret Armies: Operation Gladio and Terrorism in Western Europe* (London: Frank Cass, 2005), 228–30; Kurkcu, "Turkey."

7. Ganser, *NATO's Secret Armies*, 229.

8. Ganser, *NATO's Secret Armies*, 230.

9. Ganser, *NATO's Secret Armies*, 230, quoting from *Directive ST 31/15 for Operations against Irregular Forces*.

10. Sibel Edmonds has charged that "in 1989, while 'most wanted' by Interpol, [Catli] came to the U.S., was granted residency, and settled in Chicago, where he continued to conduct his operations until 1996" (*American Conservative*, November 2009, http://www.amconmag.com/article/2009/nov/01/00006). Other charges by Edmonds in the same article have since been corroborated by John M. Cole, a former FBI counterintelligence and counterespionage manager.

11. "Turkey's Pivotal Role in the International Drug Trade," *Le Monde diplomatique*, July 1998; cf. Ganser, *NATO's Secret Armies*, 108–9, 237–38, 298; Scott Anderson and Jon Lee Anderson, *Inside the League* (New York: Dodd, Mead, 1986), 147.

12. Hugh Shaughnessy, "Revealed: Pinochet Drug Smuggling Link," *Observer*, December 10, 2000, http://www.guardian.co.uk/chile/story/0,,1026866,00.html; Rodrigo de Castro and Juan Gasparini, *La Delgada linea blanca* (Buenos Aires: Ediciones B Argentina, 2000). Cf. *Guardian*, July 11, 2006, http://www.guardian.co.uk/world/2006/jul/11/chile.drugstrade: "Augusto Pinochet's $26m (£14m) fortune was amassed through cocaine sales to Europe and the US, the general's former top aide for intelligence has alleged. In testimony sent to Chilean Judge Claudio Pavez, Manuel Contreras alleges that Pinochet and his son Marco Antonio organised a massive production and distribution network, selling cocaine to Europe and the US in the mid-1980s. According to Contreras, once Pinochet's ally and now a bitter enemy, Pinochet ordered the army to build a clandestine cocaine laboratory in Talagante, a rural town 24 miles from Santiago. There he had chemists mix cocaine with other chemicals to produce what Contreras described as a 'black cocaine' capable of being smuggled past drug agents in the US and Europe."

13. In August 2009 there were 637,000 Google hits for "shadow government USA." Some of these referred to groups inside government, some referred to groups outside government, and many included both. This lack of clarity is appropriate for the deep state phenomenon as well.

14. Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 6–7, 10–11, 29, 383, 395.

15. Peter Phillips and Mickey Huff, "Inside the Military Media Industrial Complex: Impacts on Movements for Peace and Social Justice," *DissidentVoice*, December 22, 2009, http://dissidentvoice.org/2009/12/inside-the-military-media-industrial-complex-impacts-on-movements-for-peace-and-social-justice. Phillips and Huff acknowledge

their debt to C. Wright Mills's classic *The Power Elite*.

16. Len Colodny and Tom Schachtman, *The Forty Years' War: The Rise and Fall of the Neocons, from Nixon to Obama* (New York: Harper, 2009), 275; Joseph J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* (New York: Carroll and Graf, 2005), xiii; L. Fletcher Prouty, *The Secret Team: the CIA and Its Allies in Control of the United States and the World* (Englewood Cliffs, NJ: Prentice Hall, 1973).

17. At the end of this book I shall describe the activity of a small number of key individuals who act as drug traffic protectors, shielding the kingpins of the U.S. drug connection from arrest or public scrutiny. They are an important aspect of the U.S. war machine but by no means central to it.

18. Michael Parenti, *Dirty Truths* (San Francisco: City Lights Books, 1996), 153–91.

19. Richard Viguerie, a cofounder of the Moral Majority that helped elect Reagan in 1980, had first emerged as a fund-raiser for the Young Americans for Freedom and then as a key player in the Far East Lobby's campaign to block U.S. recognition of communist China. In 1977 he earned nearly a million dollars from a direct-mail campaign on behalf of Sun Myung Moon's Unification Church (Sara Diamond, *Spiritual Warfare: The Politics of the Christian Right* [Boston: South End Press, 1989]); Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 318, citing Joseph Trento, *Prelude to Terror*, 171–72. Cf. Scott, *Deep Politics*, 237–38).

20. Phillips and Huff, "Inside the Military Media Industrial Complex." I have slightly amended the reference to Anschutz, who acquired the *Weekly Standard* from Rupert Murdoch only in June 2009. Cf. Dick Smillie, "The Stealth Media Mogul," *Forbes*, June 29, 2009, http://www.forbes.com/2009/06/28/anschutz-weekly-standard
-business-media-examiner.html: "Anschutz's latest acquisition, *The Weekly Standard*, loses an estimated $5 million annually."

21. Jon Gorvett, "Turkey's 'Deep State' Surfaces in Former President's Words, Deeds in Kurdish Town," *Washington Report on Middle East Affairs*, January/February 2006, http://www.washington-report.org/archives/Jan_Feb_2006/0601037.html. The ongoing crisis pitting Turkish Islamists against secularists has complicated this duality still further: "Each side accuses the other of operating a 'deep state,' or shadow government activities. The secularists accuse the AK party of quietly seeking to overhaul Turkey's secular order, while the ruling party says the secular establishment will do anything to maintain that order—even a coup d'etat or murder" (Gulnoza Saidazimova, "Turkey: Constitutional Crisis Pits 'Deep State' vs. 'Deep State,'" Radio Free Europe/Radio Liberty, March 26, 2008, http://www.rferl.org/content/article/1079691
.html).

22. Ruth Goring, "Executing Justice: Which Side Are We On? An Interview with Colombian Human Rights Activist Padre Javier Giraldo, S.J.," *Equipo Nizkor*, April 2003, http://www.derechos.org/nizkor/colombia/doc/giraldo1.html.

23. Although "war machine" is a more helpful term for those not familiar with what I am describing, "dominance machine" is more accurate. The aim of the machine is not really "perpetual war for perpetual peace," as the disenchanted critic Harry Elmer Barnes once wrote. The machine aims—or professes to aim—at perpetual dominance, supported by periodic wars when necessary.

24. John Nichols, "Obama's Campaign Merits a Peace Prize," *The Nation*
(blogs), October 10, 2009, http://www.thenation.com/blogs/thebeat/482916/obama_s
_campaign_merits_a_peace_prize.

25. The National Emergencies Act, one of the post-Watergate reforms, specifies that "not later than six months after a national emergency is declared, and not later than the end of each six-month period thereafter that such emergency continues, each House of Congress shall meet to consider a vote on a joint resolution to determine whether that emergency shall be terminated" (50 U.S.C. 1622, 2002). Yet in nine years Congress has not once met to discuss the state of emergency declared by George W. Bush in response to 9/11. Appeals to the Congress to meet its responsibilities have fallen on deaf ears (cf. Peter Dale Scott and Dam Hamburg, "To All Readers: Help Force Congress to Observe the Law on National Emergencies!!!" 911Truth.org, March 24, 2009, http://www.911truth.org/article.php?story=20090324183053848).

26. Jonathan Schell, *The Unconquerable World: Power, Nonviolence, and the Will of the People* (New York: Metropolitan Books/Henry Holt, 2003), 240.

27. “I never had any thought . . . when I set up the CIA that it would be injected into peacetime cloak-and-dagger operations” (*Washington Post*, December 11, 1963, A11, quoted in Roger Hilsman, *To Move a Nation* [Garden City, NY: Doubleday, 1967], 63).

28. Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), 166. McCoy’s sources for his claims are two trade books, both of which clearly relied on CIA sources (David Wise and Thomas B. Ross, *The Invisible Government* [New York: Random House, 1964], 130–31; Thomas Powers, *The Man Who Kept the Secrets: Richard Helms and the CIA* [New York: Knopf, 1979], 81–82).

29. David Wise, a veteran intelligence reporter, *Time*, February 3, 2003. The act, which created both the National Security Council and the CIA to advise it, also empowered the CIA to “perform such other functions and duties related to intelligence
. . . as the National Security may from time to time direct” (Victor Marchetti and John D. Marks, *The CIA and the Cult of Intelligence* [New York: Knopf, 1974], 8).

30. An anecdote will illustrate Dulles’s easy relationship to the overworld: “On 21 January 1953, Allen Dulles, insecure about his future in the CIA under the newly elected Eisenhower, had met his friend David Rockefeller for lunch. Rockefeller hinted heavily that if Dulles decided to leave the Agency, he could reasonably expect to be invited to become president of the Ford Foundation. Dulles need not have feared for his future. Two days after this lunch, the *New York Times* broke the story that Allen Dulles was to become Director of Central Intelligence” (Frances Stonor Saunders, *Who Paid the Piper* [London: Granta, 1999], 140–41).

31. Joseph J. Trento, *The Secret History of the CIA* (New York: Random House/Forum, 2001), 44–47.

32. Trento, *The Secret History of the CIA*, 44.

33. Trento, *The Secret History of the CIA*, 44, citing Peter Grose, *Gentleman Spy: The Life of Allen Dulles* (Boston: Houghton Mifflin, 1994). Grose’s biography is a bowdlerized rewrite of a long-delayed manuscript by former CIA officer Richard Harris Smith, with whom I was in occasional contact a quarter century ago. Smith authorized me to cite by name his book manuscript, then supposedly about to be published, in supporting the claim that the CIA had put $20,000,000 into supporting the allegedly moderate Muslim Masjumi and PSI parties in the 1957 Indonesian election (Peter Dale Scott, “Exporting Military Economic Development: America and the Overthrow of Sukarno, 1965–67,” in *Ten Years’ Military Terror in Indonesia*, ed. Malcolm Caldwell [Nottingham: Spokesman Books, 1975], 209–61). This important claim will not be found in the Grose rewrite.

34. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 109–10, 197. In this same period the FBI had Donovan under surveillance, suspecting “that he had taken some steps toward formation of an anti-Communist intelligence service [on the model of] a private concern financed by oil and industries before the war” (Anthony Cave Brown, *The Last Hero: Wild Bill Donovan* [New York: Times Books, 1982], 821–22).

35. Richard Helms with William Hood, *A Look over My Shoulder: A Life in the Central Intelligence Agency* (New York: Random House, 2003), 82–83; cf. Burton Hersh, *The Old Boys* (New York: Scribner’s, 1992), 185. The five were Kingman Douglass, managing partner of Dillon, Read; William H. Jackson and Frank Wisner of Carter, Ledyard and Milburn; Paul Nitze of Dillon Read; and former DCI Admiral Sidney Souers, who in 1946 retired to become a St. Louis investment banker.

36. Helms, *A Look over My Shoulder*, 99. The two were William H. Jackson and Mathias Correa.

37. Scott, *Drugs, Oil, and War*, 187, 200–201. The seven included William H. Jackson and Frank Wisner of Carter, Ledyard and Milburn, both listed in the New York Social Register.

38. Hersh, *The Old Boys*, 301, quoting Polly (Mrs. Clayton) Fritchey.

39. McCoy, *The Politics of Heroin*, 178.

40. Thomas Etzold and John Gaddis, *Containment: Documents on American Policy and Strategy 1945–1950* (New York: Columbia University Press, 1978), 125.

41. Scott, *The Road to 9/11*, 15.

42. See chapter 6; see also Scott, *Drugs, Oil, and War*, 1–3, 59–68.

43. Schell, *The Unconquerable World*, 240.

44. Scott, *Deep Politics*, 174–78, Douglas Valentine, *The Strength of the Wolf: The Secret History of America’s War on Drugs* (London: Verso, 2004), 76, 98–99, 112.

45. Norman Lewis, *Naples '44: A World War II Diary of Occupied Italy* (New York: Carroll and Graf, 2005), 109–10.

46. Tim Newark, "Fighting the Mafia in World War Two," AmericanMafia.com, May 2007, http://www.americanmafia.com/Feature_Articles_388.html. Cf. McCoy, *The Politics of Heroin*, 35–36; Scott, *Deep Politics*, 8.

47. Gaia Servadio, *Mafioso: A History of the Mafia from Its Origins to the Present Day* (New York: Dell, 1978), 88.

48. Scott, *Deep Politics*, 8. In 1982 a major electrical power plant in New York City was named after him.

49. Amy B. Zegart, *Flawed by Design: The Evolution of the CIA, JCS, and NSC* (Stanford, CA: Stanford University Press, 1999), 189; Scott, *The War Conspiracy*, 260; Tim Weiner, *Legacy of Ashes: The History of the CIA* (New York: Doubleday, 2007), 26–27.

50. Weiner, *Legacy of Ashes*, 298–300. The funds to Miceli in 1972 were allegedly ordered by Kissinger over the objections of the local CIA chief.

51. See Daniele Ganser, "Beyond Democratic Checks and Balances: The Propaganda Due Masonic Lodge and the CIA in Italy's First Republic," in *Government of the Shadows: Parapolitics and Criminal Sovereignty*, ed. Eric Wilson and Tim Lindsey (London: Pluto, 2008).

52. Leonard Weinberg and Ami Pedahzur, *Political Parties and Terrorist Groups* (London: Routledge, 2003), 56.

53. J. Patrice McSherry, *Predatory States: Operation Condor and Covert War in Latin America* (Lanham, MD: Rowman & Littlefield, 2005), 43.

54. Dilip Hiro, *The Iranian Labyrinth: Journeys through Theocratic Iran and Its Furies* (New York: Nation Books/Avalon, 2005), 76.

55. Hiro, *The Iranian Labyrinth*, 74.

56. U.S. Congress, Senate, 102nd Cong., 2nd sess., *The BCCI Affair: A Report to the Senate Committee on Foreign Relations from Senator John Kerry, Chairman, and from Senator Hank Brown, Ranking Member, Subcommittee on Terrorism, Narcotics, and International Operations*, September 30, 1992, 1–2.

57. Scott, *The Road to 9/11*, 163–67.

58. Dorothy J. Samuels and James A. Goodman. "How Justice Shielded the CIA," *Inquiry*, October 18, 1978), 10–11; U.S. Congress, House, Committee on Government Operations, *Justice Department Handling of Cases Involving Classified Data and Claims of National Security*, 96th Cong., 1st sess., House Report No. 96-280 (Washington, DC: Government Printing Office, 1979).

59. Alexander Cockburn and Jeffrey St. Clair, *Whiteout: The CIA, Drugs, and the Press* (London: Verso, 1998), 391–92.

60. E.g., "Colombia: The Perils of 'Parapolitics,'" *Economist*, May 22, 2007. In my own writings I once attempted to distinguish between intentional *parapolitics* and uncontrollable *deep politics* (Scott, *Drugs, Oil, and War*, xx; Scott, *The Road to 9/11*, 267–69). But as both terms have gained currency, they have also become more and more interchangeable.

61. U.S. Congress, House, Committee on Intelligence, *IC21: Intelligence Community in the 21st Century*, Staff Study, 104th Congress, 205.

62. America's income disparity, as measured by its Gini coefficient, is now among the highest in the world, along with Brazil, Mexico, and China. See Phillips, *Wealth and Democracy*, 38, 103; Greg Palast, *Armed Madhouse* (New York: Dutton, 2006), 159.

63. This is the subject of my book *The Road to 9/11*, 4–9.

64. Anthony Cave Brown, *Oil, God, and Gold* (Boston: Houghton Mifflin, 1999), 213.

65. Vijay Prashad, *The Darker Nations: a People's History of the Third World* (New York: Free Press, 2007), 276: [In hosting the World Muslim League], "Faysal had a senior partner in Aramco, and behind them was the U.S. government. . . . In eastern Saudi Arabia, the CIA agent James Russell Barracks confirmed the existence of 'an extensive programme' to fund small religious cells (these are the direct ancestors of Osama bin Laden's Advice and Reformation Committee or Hayat Annaseyha Wa'ahisla)."

66. One could cite also the experience of the French Third Republic and the Banque de l'Indochine or the Netherlands and the Dutch East India Company.

67. Through a long century of revolution and counterrevolution, culminating in the Cold War, it was difficult to discuss this evolution dispassionately. Marxists and other radicals tended to focus on the pathogenic state. Academic social scientists in Western universities tended in contrast to assume that the state was the desirable prerequisite of social order.

68. Zbigniew Brzezinski, *Second Chance: Three Presidents and the Crisis of American Superpower* (New York: Basic Books, 2007).

69. For this process, see Paul M. Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987); Kevin Phillips, *Wealth and Democracy: A Political History of the American Rich* (New York: Broadway Books, 2002).

70. Scott, *The Road to 9/11*, 245–60.

71. Scott, *The Road to 9/11*, 2–3 (income disparity); 253, 386 (religion), citing Kevin Phillips, *American Theocracy: The Peril and Politics of Radical Religion, Oil, and Borrowed Money in the 21st Century* (New York: Viking, 2006), 9, 221–22, 226–28, 375.

72. The Royal Charter of the Bank of England was enacted as part of the Tonnage Act of 1694 (Statutes of the Realm, VI, 483–495), An Act For Granting to Their Majesties [William and Anne] Several Rates and Duties upon Tonnage of Ships and Vessels.

73. T. S. Eliot, *The Idea of a Christian Society and Other Writings* (London: Faber and Faber, 1982).

74. This qualified optimism is in some respects like Mead's but without Mead's unqualified commitment to Anglo-American capitalism.

75. Readers skeptical of the thesis that the Dark Ages were a period of liberation and creativity should read Lynn Townsend White Jr., *Medieval Technology and Social Change* (Oxford: Oxford University Press, 1962).

76. "In 1899 Thorstein Veblen described predation as a phase in the evolution of culture, 'attained only when the predatory attitude has become the habitual and accredited spiritual attitude . . . when the fight has become the dominant note in the current theory of life.' After an entire century's struggle to escape from this phase, we've suffered a relapse. The predators are everywhere unleashed; and the institutions built to contain them, from the United Nations to the AFL-CIO to the SEC, are everywhere under siege. Predation has again become the defining feature of economic life" (James K. Galbraith, "Taming Predatory Capitalism," *Nation*, March 30, 2006, http://www
.thenation.com/doc/20060417/forum/4).

77. In *The Road to 9/11*, I discuss the role of the New York financial-corporate overworld in first designing the CIA and then mobilizing it in support of these coups.

78. Scott, *Drugs, Oil, and War*, 40.

79. Even the most notorious bank of all, the drug-laundering BCCI, was closed with convictions for only five employees in America and three in England. Cf. Scott, *The Road to 9/11*, 177–78.

80. *Los Angeles Times*, October 26, 2009, B1.

81. Scott, *The Road to 9/11*, 275, Frederick Lundberg, *The Rich and the Superrich* (New York: Lyle Stuart, 1968).

82. Robert Armstrong, *El Salvador: The Face of Revolution* (Boston: South End Press, 1982), 37.

83. Anderson and Anderson, *Inside the League*, 147.

84. E.g., Mark Zepezauer, *The CIA's Greatest Hits* (Monroe, ME: Common Courage Press, 1994), http://www.doublestandards.org/ciahits.html. Asked by an Italian commission whether he was ever a member of WACL, delle Chiaie replied that he was not because he believed that WACL "operated as a CIA front" (hearing of Stefano Delle Chiaie on July 22, 1997, before the Italian Parliamentary Commission on Terrorism headed by Senator Giovanni Pellegrino, http://www.parlamento.it/bicam/terror/stenografici/steno26.htm). I shall try to argue that the truth is more complex.

85. FBI Report, Directorate of National Intelligence (DINA), January 21, 1982, National Security Archive, http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/
ch02-06.htm.

86. FBI Report, Directorate of National Intelligence (DINA), January 21, 1982, National Security Archive, http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/
ch02-06.htm.

87. FBI Report, Directorate of National Intelligence (DINA), January 21, 1982, National Security Archive, http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/
ch02-06.htm.

88. John Dinges and Saul Landau, *Assassination on Embassy Row* (New York: Pantheon, 1980).

89. Tim Weiner, *Legacy of Ashes: The History of the CIA* (New York: Doubleday, 2007), 316.

90. John Prados, *The Secret Wars of the CIA* (Chicago: Ivan R. Dee, 2006), 423.

91. McSherry, *Predatory States*, 6. Cf., e.g., "Michael Townley: Ex agente de la CIA relata la conspiración," *El Correo de la Diaspora Argentine*, May 10, 2000, http://www.elcorreo.eu.org/esp/article.php3?id_article=4329.

92. John Dinges, *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents* (New York: New Press, 2004), 165; Peter Kornbluh, *The Pinochet File: A Declassified Dossier on Atrocity and Accountability* (New York: New Press, 2003).

93. In addition, the Cuban Nationalist Movement, the CORU component that supplied DINA with Letelier's assassins, was said to be financing itself through drug smuggling organized by DINA (Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: The CIA, Drugs, and Armies in Central America* [Berkeley: University of California Press, 1998], 30–31, 33).

94. Costa Rican authorities later said that Bosch's target in Costa Rica was not Kissinger but Pascal Allende, nephew of the slain president of Chile (McSherry, *Predatory States*, 159).

95. Henrik Krüger, *The Great Heroin Coup—Drugs, Intelligence, and International Fascism*, trans. Jerry Meldon (Boston: South End Press, 1980), 186n18, citing *NACLA Report*, January–February 1978 (Falconbridge).

96. Saul Landau, *They Educated the Crows: An Institute Report on the Letelier-Moffit Murders* (n.p.: Transnational Institute, 1978), 28n.

97. "Some sources in Miami said the Bonao gathering and the creation of CORU had the active support of the CIA and at least the acquiescence of the FBI, and that CORU was allowed to operate to punish Castro for his Angola policy without directly implicating the United States government" (Dinges and Landau, *Assassination on Embassy Row*, 251).

98. Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Metropolitan/Henry Holt, 2007), 66–71, 76–78, 81–86, 98–100.

99. Orlando Letelier, "The Chicago Boys in Chile: Economic Freedom's Awful Toll," *The Nation*, August 28, 1976.

100. Scott, *The Road to 9/11*, 21–22, 51–52.

101. Scott, *The Road to 9/11*, 39–42, 89–102; Scott, *The War Conspiracy*, 12–13. David Rockefeller described in his memoirs, almost with pride, his role in persuading Kissinger and the Nixon White House to act against Allende (David Rockefeller, *Memoirs* [New York: Random House, 2002], 432–33).

102. Scott, *The Road to 9/11*, 80–81, 309; Bernard Gwertzman, *New York Times*, November 18, 1979. The military coup in Argentina in 1976 was welcomed by Kissinger, by then secretary of state under President Ford. Kissinger arranged for the junta's minister of economy, José Alfredo Martínez de Hoz, to meet with David and Nelson Rockefeller to discuss Argentina's plans for privatization and foreign investment. Within a year, according to Naomi Klein, "wages lost 40 percent of their value, factories closed, poverty spiraled" (Klein, *The Shock Doctrine*, 89).

103. Ariel C. Armony, *Argentina, the United States, and the Anti-Communist Crusade in Central America* (Athens: Ohio University Center for International Studies, 1997), xiii, 35–46. Carter's human rights policy was undercut by the CIA. Argentine intelligence operative Leandro Sánchez Reisse testified to a U.S. congressional subcommittee in 1987 how Argentine intelligence set up, with the sanction of the CIA, a Condor base in Miami in 1978. The base then handled both drug money–laundering and counterinsurgency operations in Latin America on behalf of both Argentina and the CIA (Armony, *Argentina, the United States, and the Anti-Communist Crusade in Central America*, 46–47; McSherry, *Predatory States*, 212–13).

104. Bertil Lintner, *Blood Brothers: The Criminal Underworld of Asia* (New York: Palgrave Macmillan, 2002), 8–9.

105. Frank Viviano, "Hong Kong Triads' New Frontier," *San Francisco Chronicle*, May 25, 1997, http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/1997/05/28/MN25477.DTL. Cf. Fredric Dannen, "Partners in Crime, Part II," *New Republic*, July 14/21, 1997: "In a recent issue of Apple Daily, Hong Kong's leading Chinese-language newspaper, a reputed member of the 14K triad society boasted that he and his triad brothers had established 'terrific guanxi' with Communist officials, and cited a thriving partnership in cross-border prostitution."

Chapter 2: Mexico, Drugs, the DFS, and the United States

1. From U.S. government investigative file, in Jamie Dettmer, "Family Affairs—Mexican Businessman and Politician Carlos Hank Gonzalez Allegedly Involved in Drug Trade," *Insight*, March 29, 1999, http://www.findarticles.com/p/articles/mi_m1571/is_12_15/ai_54246287.

2. A border used for major smuggling typically induces corruption on both sides. For example, in April 2006 a former head of the FBI in El Paso was indicted on five counts of lying in connection with the investigation into gifts he had received from a Mexican racetrack owner whom Mexican officials alleged was a member of a drug cartel (Reuters, April 12, 2006, http://www.msnbc.msn.com/id/12292463).

3. In chapter 6, I shall make a similar argument, that a "metagroup" in the global narcosystem was able to control specific actions by the Russian government.

4. The term "narcodemocracy" received currency in 1995 with the publication of Eduardo Valle's *El Segundo disparo: La narcodemocracia mexicana* (*The Second Shot: The Mexican Narcodemocracy*) (Mexico City: Oceano, 1995). Cf. Leonardo Curzio, "Organized Crime and Political Campaign Finance in Mexico," in *Organized Crime and Democratic Governability*: *Mexico and the U.S.-Mexican Borderlands*, John Bailey and Roy Godson (Pittsburgh, PA: University of Pittsburgh Press, 2000), 85.

5. Manuel Buendía, *La CIA en Mexico* (Mexico City: Oceano, 1983), 24.

6. John Bailey and Roy Godson, "Introduction," in Bailey and Godson, *Organized Crime and Democratic Governability*, 24.

7. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 62.

8. Luís Astorga, "Organized Crime and the Organization of Crime," in Bailey and Godson, *Organized Crime and Democratic Governability*, 61, cf. 67–68.

9. Astorga, "Organized Crime," in Bailey and Godson, *Organized Crime and Democratic Governability*, 63.

10. Scott, *Drugs, Oil, and War*, 193.

11. Elias Castillo and Peter Unsinger, "Mexican Drug Syndicates in California," in Bailey and Godson, *Organized Crime and Democratic Governability*, 200.

12. Also rarely mentioned in the United States until recently was a major Mexican drug trafficker who emerged from the CIA-protected Cuban émigré community: Alberto Sicilia Falcón. Cf. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: Drugs, Armies, and the CIA in Central America* (Berkeley: University of California Press, 1998), 33–34.

13. Andrew Reding, "Mexico under Salinas: A Façade of Reform," *World Policy Journal*, Fall 1989, http://www.worldpolicy.org/globalrights/mexico/1989-fall-WPJ
-Salinas.html.

14. Reding, "Mexico under Salinas." Ten years after Reding's essay, Gutiérrez Barrios was still an *éminence grise*. In November 1999 he organized the come-from-behind Partido Revolucionario Institucional (PRI) primary victory of Francisco Labastida, a candidate "dogged by allegations—yet unproved—that he cut deals with drug traffickers while governor of Sinaloa, a Pacific-coast state, a decade ago" (J. Michael Waller, "The Narcostate Next Door," *Insight*, December 27, 1999, http://www
.geocities.com/dmontero_trejo/Politica/The_NarcoState_Next_Door.htm). Gutiérrez Barrios's former deputy, Manlio Fabio Beltrones Rivera, became, as governor of Sonora, the political patron of the drug lord Amado Carrillo Fuentes (*New York Times*, February 23, 1997).

15. Jefferson Morley, "LITEMPO: Los ojos de la CIA en Tlatelolco," *Proceso*, October 1, 2006, in English as "LITEMPO: The CIA's Eyes on Tlatelolco," National Security Archive, http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB204/index.htm.

16. Sergio Aguayo Quezada, *La Charola: Una Historia de los Servicios de Inteligencia en México* (Mexico City: Grijalbo, 2001), 74–75, 84; Peter Dale Scott, *Deep Politics and the Death of JFK* (Berkeley: University of California Press, 1998), 104–5.

17. Scott, *Deep Politics and the Death of JFK*, 105, quoting from Elaine Shannon, *Desperados* (New York: Viking, 1988), 179.

18. Terrence E. Poppa, *Drug Lord: The Life and Death of a Mexican Kingpin* (Seattle: Demand Publications, 1990), 165.

19. Institute of Policy Studies, "A Tangled Web: A History of CIA Complicity in Drug International Trafficking," *Congressional Record*, May 7, 1998, H2956, http://www.fas.org/

irp/congress/1998_cr/980507-l.htm. Compare Aguayo Quezada, *La Charola*, 241.

20. Scott and Marshall, *Cocaine Politics*, 36; Aguayo Quezada, *La Charola*, 247; Peter Dale Scott, *Minding the Darkness* (New York: New Directions, 2000), 136.

21. Poppa, *Drug Lord*, 74, 166. A photo of one of these badges is reproduced at p. 74.

22. Cables from Mexico City FBI Legal Attaché Gordon McGinley to Justice Department, in Scott and Marshall, *Cocaine Politics*, 36.

23. Scott, *Deep Politics*, 105, quoting from *San Diego Union*, March 26, 1982.

24. Cf. Scott and Marshall, *Cocaine Politics*, 41: "The CIA ran the facility, he told DEA agents at one point, using DFS 'as a cover.'" Cf. Charles Bowden, *Down by the River* (New York: Simon and Schuster, 2002), 148: "When he dies, Buendía is rumored to be looking at the links between the drug business, the CIA, and the contra war in Nicaragua."

25. Scott and Marshall, *Cocaine Politics*, 41.

26. Scott and Marshall, *Cocaine Politics*, 10, 42, 56–58, 98–100.

27. "CISEN has far to go before it sheds its dark past: It was formed in the mid-1980s from the ashes of the despised Federal Security Department. . . . In CISEN's ranks of former agents is the late master spy Fernando Gutierrez Barrios, known as the former ruling party's keeper of dark secrets. Another original CISEN agent was Jorge Carrillo Olea, who later became governor of Morelos state but left office amid accusations linking him to organized crime. He has not been convicted" (Ricardo Sandoval, *Dallas Morning News*, May 27, 2003; http://www.thestate.com/mld/thestate/news/world/5951462.htm).

28. Barnard R. Thompson, "Mexico Is Collaborating with the CIA and FBI," *Mexidata.Info*, January 12, 2004, http://www.mexidata.info/id117.html, citing Mexico City, *Milenio*, January 7, 2004.

29. Ted Galen Carpenter, "Mexico Is Becoming the Next Colombia," Cato Institute, Foreign Policy Briefing no. 87, November 15, 2005, http://www.cato.org/pub_display.php?pub_id=5149. Cf. Ted Galen Carpenter, *Bad Neighbor Policy: Washington's Futile War on Drugs in Latin America* (New York: Palgrave Macmillan, 2003).

30. *Los Angeles Times*, August 17, 2006.

31. Carlos Montemayor, *La Jornada*, May 13, 2006; cf. *The Eyeopener*, Ryerson University's independent newspaper, January 18, 2005.

32. Reuters, January 20, 2010, http://www.reuters.com/article/idUSN19153111.

33. A key event of course was the publication of Alfred W. McCoy's *The Politics of Heroin in Southeast Asia* (New York: Harper and Row, 1972). McCoy's copious footnotes make it clear that he interviewed such important U.S. CIA officers as Lucien Conein and William Young. My own book *The War Conspiracy*, published shortly before McCoy's, was able to reveal further details of the drug traffic (including the key role of Paul Helliwell, not mentioned by McCoy until 1991). I too was helped in part by conversations with an author and former CIA officer whom I met accidentally (as I then believed) in the library at the University of California, Berkeley.

34. The best essay is by Jonathan Marshall, "CIA Assets and the Rise of the Guadalajara Connection," in *War on Drugs: Studies in the Failure of U.S. Narcotics Policy*, ed. Alfred W. McCoy and Alan A. Block (Boulder, CO: Westview Press, 1992), 197–208.

35. Testimony of George Gaffney, U.S. Congress, Senate, Committee on Government Operations, *Organized Crime and Illicit Traffic in Narcotics*, Hearings, 88th Cong., 2nd sess. (Washington, DC: Government Printing Office, 1964; henceforward cited as Narcotics Hearings), 899. Cf. Jean-Pierre Charbonneau, *The Canadian Connection* (Ottawa: Optimum, 1976).

36. Lansky had been a major player in the so-called Operation Underworld of the OSS and the Office of Naval Intelligence during World War II to use information from Lucky Luciano in operations on the New York waterfront and later in Sicily (Scott, *Deep Politics*, 100, 145, 165). His opposite number in Mexico, the Corsican Paul Mondoloni, was likewise protected by the French government (Douglas Valentine, *The Strength of the Wolf: The Secret History of America's War on Drugs* [London: Verso, 2004], 323).

37. McCoy, *The Politics of Heroin in Southeast Asia*, 44.

38. McCoy, *The Politics of Heroin in Southeast Asia*, 443.

39. Narcotics Hearings, 81, 989. Lansky was an unindicted coconspirator (and conceivably even an informant) in the case that convicted Meltzer (Valentine, *The Strength of the Wolf*, 95).

40. Alan A. Block, *Perspectives on Organizing Crime* (Dordrecht: Kluwer Academic, 1991), 230–31.

41. Scott, *Deep Politics*, 140–41. One syndicate representative in Mexico City was Paul Roland Jones, who opened a casino there. Jones was later convicted in a major drug bust that involved both Jack Ruby (the future killer of Lee Harvey Oswald) and his brother Hymie (Scott, *Deep Politics*, 138–41). A Dallas detective, Lieutenant George Butler, taped Jones discussing how the U.S. government had stopped his activities in Mexico City, "at least until Aleman gets in" (Butler notes, in records of Senate Commerce Committee; cf. House Select Committee on Assassinations, Appendix to Hearings, vol. 9, 516).

42. Thirty minutes after Luciano's death from a massive heart attack, FBN Deputy Commissioner Henry Giordano announced that the FBN "had been on the point of arresting the powerful Mafioso for having introduced $150 million worth of heroin to American territory over the previous ten years" (Charbonneau, *Canadian Connection*, 168, quoted in Valentine, *The Strength of the Wolf*, 247). No, arrest does not necessarily prove dismal failure.

43. Richard D. Mahoney, *Sons and Brothers: The Days of Jack and Bobby Kennedy* (New York: Arcade Publishing, 1999), 269, citing Mason Cargill Memorandum to the File, Subject: Project ZR/RIFLE and QJ/WIN, April 30, 1975, HSCA.

44. Peter Lupsha, "Drug Lords and Narco-Corruption: The Players Change but the Game Continues," in McCoy and Block, *War on Drugs*, 177–79, 181.

45. Scott, *Deep Politics and the Death of JFK*, 104.

46. Valentine, *The Strength of the Wolf*, 43, cf. 10, 46.

47. "Balkans Products, Ltd.," *Time*, April 3, 1933, http://www.time.com/time/magazine/article/0,9171,753621,00.html.

48. Luís Astorga, "Drug Trafficking in Mexico: A First General Assessment," Management of Social Transformations—MOST, Discussion Paper No. 36, UNESCO, http://www.unesco.org/most/astorga.htm.

49. Astorga, "Organized Crime," in Bailey and Godson, *Organized Crime and Democratic Governability*, 63.

50. Luís Astorga, "The Limits of Anti-Drug Policy in Mexico," 428, http://www.justiceblind.com/drugwar/mexicolimits.pdf.

51. Barry Carr, *Marxism and Communism in Twentieth-Century Mexico* (Lincoln: University of Nebraska Press, 1992), 145. (When E. Howard Hunt opened the first CIA office in Mexico City in 1949, he took over [in his own words] "from the slash-and-burn remnants of the FBI office"; interview, http://www.gwu.edu/~nsarchiv/coldwar/interviews/episode-18/hunt1.html).

52. Luís Astorga, "Organized Crime and the Organization of Crime," in Bailey and Godson, *Organized Crime and Democratic Governability*, 72, citing U.S. State Department, Confidential Report No. 4543 of the Assistant Military Attaché on the National Security Police of Mexico, September 7, 1947, NARA Record Group 59, 812.105/9-447.

53. *El Angelino*, edición especial, December 16, 1949; Aguayo Quezada, *La Charola*, 84. The driver was the nephew of Juan Ramón Gurrola, the number two official and eventual head of the DFS (Luis Astorga, *Drogas sin Fronteras* [Mexico City: Grijalbo, 2003], 285). Cf. Drew Pearson, *Washington Post*, February 29, 1948.

54. Aguayo Quezada, *La Charola*, 84–86.

55. Aguayo Quezada, *La Charola*, 74–75, quoting (in translation) from CIA, "Mexico," SR-18, January 24, 1951, 57–58, 69.

56. Marshall, "CIA Assets," 198, 200; cf. Scott and Marshall, *Cocaine Politics*, 34, 86; James Mills, *The Underground Empire: Where Crime and Governments Embrace* (New York: Dell, 1986), 360–63.

57. Hunt is widely reported to have been CIA station chief in 1950–1951. See, e.g., "E. Howard Hunt," Wikipedia, http://en.wikipedia.org/wiki/E._Howard_Hunt; *Daily Telegraph* (London), January 26, 2007; cf. *Washington Post*, January 24, 2007, Associated Press obituary for Hunt, *St. Petersburg Times*, January 24, 2007 ("station chief"). However, the Rockefeller Commission Report, while confirming that Hunt served in the Mexico City CIA Station in 1950–1951, denied that he had ever been CIA station chief or acting station chief. Hunt later clarified that he was in fact in OPC (Howard Hunt, with Greg Aunapu, *American Spy: My Secret History in the CIA, Watergate, and Beyond* [Hoboken, NJ: Wiley, 2007], 40). I conclude from the available evidence that he was the OPC station chief.

58. At least six of the OSS agents in Kunming—Paul Helliwell, Howard Hunt, Ray Cline, Lou Conein, John Singlaub, and Mitchell WerBell—went on to develop postwar drug-linked activities for the CIA. See Scott, *Drugs, Oil, and War*, 20, 207.

59. See Scott, *Drugs, Oil, and War*, 61–62, 198. The chief proprietaries were Sea Supply, Inc., and CAT, Inc. (Civil Air Transport, later Air America).

60. Valentine, *The Strength of the Wolf*, 73.

61. Valentine, *The Strength of the Wolf*, 70–71. Both Hill and Chung were under FBN surveillance, but no case was ever made against either woman.

62. Ed Reid, *The Mistress and the Mafia: The Virginia Hill Story* (New York: Bantam, 1972), 42.

63. *Novedades*, May 14, 1962; Astorga, "Organized Crime," in Bailey and Godson, *Organized Crime and Democratic Governability*, 65.

64. Scott Anderson and Jon Lee Anderson, *Inside the League* (New York: Dodd, Mead, 1986), 46–47. For Kodama and drugs, see David Kaplan and Alec Dubro, *Yakuza* (Reading, MA: Addison-Wesley, 1986), 66; Jonathan Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52," in *Drug Control Policy: Essays in Historical and Comparative Perspective*, ed. William O. Walker III (University Park: Pennsylvania State University Press, 1992), 100–103.

65. Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Chiang Mai: Silkworm Books, 1999), 134, cf. 234.

66. Jorge Prieto Laurens was one of the politicians whose telephone was tapped by the DFS (Aguayo Quezado, *La Charola*, 308).

67. Anderson and Anderson, *Inside the League*, 79; Rogelio Hernández, *Zorrilla: El Imperio del Crimen* (Mexico City: Editorial Planeta Mexicana, 1989), 26.

68. Anderson and Anderson, *Inside the League*, 54–55; Jonathan Marshall, Peter Dale Scott, and Jane Hunter, *The Iran-Contra Connection: Secret Teams and Covert Operations in the Reagan Era* (Boston: South End Press, 1987), 65; Thomas Bodenheimer and Robert Gould, *Rollback: Right-Wing Power in U.S. Foreign Policy* (Boston: South End Press, 1989), http://www.thirdworldtraveler.com/Foreign_Policy/GlobalRollbackNetwork.html.

69. Cf. McCoy, *The Politics of Heroin in Southeast Asia*, 203, 210.

70. Marshall et al., *The Iran-Contra Connection*, 62–64.

71. Anderson and Anderson, *Inside the League*, 204; Peter Dale Scott and Jonathan Marshall, *Cocaine Politics* (Berkeley: University of California Press, 1998), 45–46, 109. In April 1971 the chief Laotian delegate to the WACL, Prince Sopsaisana, was caught in Paris with sixty kilos of high-grade heroin, worth $13.5 million on the streets of New York (Scott, *Drugs, Oil, and War*, 163; McCoy, *The Politics of Heroin in Southeast Asia*, 379).

72. Testimony of Special Counsel Jack A. Blum, Senate Intelligence Hearing on Drug Trafficking and the Contra War, October 23, 1996; *Washington Weekly*, October 28, 1996.

73. Mike Levine, *The Big White Lie* (New York: Thunder's Mouth Press, 1993), 35–36.

74. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics*, 46; Marshall et al., *The Iran-Contra Connection*, 20–25; Loretta Napoleoni, *Terror Incorporated* (New York: Seven Stories Press, 2005), 19, 247.

75. McCoy, *The Politics of Heroin in Southeast Asia*, 59–60. Through the Guérinis of the Corsican Mafia, Brown also made "contact with the mafia in Italy" (Valentine, *The Strength of the Wolf*, 112). Valentine confirms allegations that Brown himself came under FBN investigation in the 1960s because of his unexplained travels in the company of Corsican drug trafficker Maurice Castellani (362–63, cf. 270–74); see also Douglas Valentine, "The French Connection Revisited: The CIA, Irving Brown, and Drug Smuggling as Political Warfare," *Covert Action*, http://www.covertaction.org/content/view/99/75.

76. Charbonneau, *The Canadian Connection*, 69, 75; Valentine, *The Strength of the Wolf*, 328, 331.

77. Charbonneau, *The Canadian Connection*, 209.

78. *Proceso*, August 5, 1985, 30; Peter Lupsha, "Drug Lords and Narco-Corruption," in McCoy and Block, *War on Drugs*, 180. Chavarri was described by Lupsha as a founder of the DFS. But *La Charola* (65–66) gives a list of the founding officers; there is a Fernando Rocha Chavarri but no Rafael Chavarri.

79. Gaia Servadio, *Mafioso* (New York: Dell, 1976), 125–28; Scott, *Deep Politics*, 174.

80. Scott, *Deep Politics*, 174.

81. Scott, *Deep Politics*, 174–77.

82. Wikipedia, "Sylvestro Carolla," citing Jay Robert Nash, *The Encyclopedia of World Crime* (Wilmette, IL: CrimeBooks Inc., 1990), vol. 1 (A–C).

83. McCoy, *The Politics of Heroin*, 39 (Lebanon), 162ss (Thailand), 197 (Vietnam), and 476–

77 (Pakistan); Jeffrey M. Bale, "The 'Black' Terrorist International: Neo-Fascist Paramilitary Networks and the 'Strategy of Tension' in Italy, 1968–1974" (Ph.D. dissertation, University of California, Berkeley), 170 (Italy); Warren Hinckle and William Turner, *The Fish Is Red* (New York: Harper and Row, 1981), 314 (Cuba); Daniele Ganser, *NATO's Secret Armies: Operation Gladio and Terrorism in Western Europe* (London: Frank Cass, 2005), 240–43 (Turkey). Ganser also presents evidence of a CIA–drugs triarchy involving Spanish intelligence (106–7) and the French Secret Army Organization or OAS (100). By the 1980s such triarchic arrangements were widespread in Latin America (Scott and Marshall, *Cocaine Politics*, vii–xii, 79–85).

84. Alan A. Block and Constance A. Weaver, *All Is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime* (Westport, CT: Praeger, 2004), 28.

85. Joseph. J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* (New York: Carroll and Graf, 2005), 1. I have not found documentation for this claim. The closest might be Dulles' overseas work in 1949 as legal adviser to Overseas Consultants, Inc., whose "most promising venture was the design of a long-range development program [for] Mohammed Reza Pahlavi, shah of Iran" (Peter Grose, *Gentleman Spy: The Life of Allen Dulles* [Boston: Richard Todd/Houghton Mifflin, 1994], 295).

86. Anthony Cave Brown, *The Last Hero: Wild Bill Donovan* (New York: Times Books, 1982), 821–22.

87. Quoted in Mark Riebling, *Wedge: The Secret War between the FBI and CIA* (New York: Knopf, 1994), 97–98.

88. Riebling, *Wedge*, 98.

89. William Stevenson, *The Revolutionary King: The True-Life Sequel to* The King and I (London: Constable and Robinson, 2001), 4.

90. Brown, *The Last Hero*, 796.

91. Brown, *The Last Hero*, 795–800.

92. Bruce Cumings, *The Origins of the Korean War*, vol. 2 (Princeton, NJ: Princeton University Press, 1990), 509–12; Scott, *Drugs, Oil, and War*, 109–10, 197.

93. Cumings, *The Origins of the Korean War*, 511; Scott, *Drugs, Oil, and War*, 109–10, 197. Satiris "Sonny" Fassoulis, accused of passing bribes as the vice president of Commerce International, was under indictment ten years later when he surfaced in the syndicate-linked Guterma scandals.

94. Cumings, *The Origins of the Korean War*, 511. As we shall see in the next chapter, suspicions that CIA uses CI(C) persist to this day (Paul Collin, "Global Economic Brinkmanship," http://www.totse.com/en/politics/corporatarchy/Valentine,globaleconomic170320.html).

95. Cumings, *The Origins of the Korean War*, 513; cf. William M. Leary, *Perilous Missions: Civil Air Transport and CIA Covert Operations in Asia* (Tuscaloosa: University of Alabama Press, 1984), 102.

96. Scott, *Drugs, Oil, and War*, 109–10, 197; *New York Times*, May 23, 1950, 34.

97. Scott, *Drugs, Oil, and War*, xx; Scott, *The Road to 9/11*, 267–69. As noted earlier, the increasingly common usage of both terms has blurred this distinction.

98. *St. Louis Post-Dispatch*, January 8, 1989.

99. *Washington Post*, February 6, 1989.

100. Scott and Marshall, *Cocaine Politics*, 37, cf. 41–42.

101. Scott and Marshall, *Cocaine Politics*, 41–42 and passim, quoting *Newsweek*, May 13, 1985.

102. Lupsha, "Drug Lords and Narco-Corruption," 185–87.

103. Peter Lupsha, "Transnational Narco-Corruption and Narco Investment: A Focus on Mexico," excerpted from Peter Lupsha, "Under the Volcano: Narco Investment in Mexico," *Transnational Organized Crime Journal*, Spring 1995, posted originally on the Web by PBS, *Frontline*, April 8, 1997, http://www.eco.utexas.edu/~archive/chiapas95/1997.04/msg00066.html.

104. Elaine Shannon, *Desperados* (New York: Viking, 1988), 67, quoted in Scott and Marshall, *Cocaine Politics*, 38–39.

105. Jorge Castañeda, *The Mexican Shock: Its Meaning for the United States* (New York: New Press, 1995), 222.

106. Castañeda, *The Mexican Shock*, 215; *New York Times*, July 20, 1996.

107. Clyde Prestowitz, *Rogue Nation: American Unilateralism and the Failure of Good Intentions* (New York: Basic Books, 2003), 78.

108. Castañeda, *The Mexican Shock*, 37.

109. Anthony DePalma, "Gap between Mexico's Rich and Poor Is Widening," *New York Times*, July 20, 1996: "Today the richest 10 percent of Mexicans control 41 percent of the country's wealth, while the bottom half of the population receives only 16 percent of all national income. The government admits that the number of Mexicans living in extreme poverty has grown to 22 million, an increase over just the last 15 months of 5 million people, roughly equal to the population of Scotland." In 2008 a report from the Organization for Economic Development reported that of its 30 member states, Mexico had the largest gap between its wealthiest and poorest households, followed in order by Turkey and the United States. Mexico's poverty rate was also the highest, at more than 20 percent (Jim Lobe, "Rich-Poor Divide Worst among Rich Countries," Institute for Policy Studies, October 21, 2008, http://ipsnews
.net/news.asp?idnews=44381).

110. Chris Humphrey, "Narcotic, Economics, and Drug Production in the Southern States," http://wbln0018.worldbank.org/lac/lacinfoclient.nsf/
d29684951174975c85256735007fef12/63a3f4e71ce14d2385256dc500661aaf/$FILE/Mexico%20South
States%20Narcotics%20and%20Poverty.pdf.

111. *Wall Street Journal*, September 30, 1998.

112. George Soros, *The Crisis of Global Capitalism* (New York: Public Affairs, 1998), 117.

113. See, e.g., Pedro-Pablo Kuczynski and John Williamson, *After the Washington Consensus: Restoring Growth and Reform in Latin America* (Washington, DC: Institute for International Economics, 2003). John Williamson originally coined the phrase "Washington consensus" in 1990.

114. Amy Chua, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability* (New York: Doubleday, 2003), 14.

115. Chua, *World on Fire*, 195.

116. Castañeda, *The Mexican Shock*, 239.

117. Andres Oppenheimer, *Bordering on Chaos: Mexico's Roller-Coaster Journey Toward Prosperity* (Boston: Little, Brown, 1998), 90–93: "Mexico in the early nineties was similar to American capitalism in the late 1870s. . . . Like the American 'Robber Barons' of their time, the Mexico Twelve were making a fortune from their close partnership with the government." What Oppenheimer writes of the Mexico Twelve in Mexico could be said also of Halliburton and Enron in Washington.

118. Tom Barry, Harry Browne, and Beth Sims, *The Great Divide: The Challenge of U.S.-Mexico Relations in the 1990s* (New York: Grove Press, 1994), 69.

119. *New York Times*, July 20, 1996.

120. Oppenheimer, *Bordering on Chaos*, 5, 164.

121. *Christian Science Monitor*, July 15, 1996.

122. Cf. Oppenheimer, *Bordering on Chaos*, 306–7.

123. Arguments for this can be found in 1996 issues of *Money Laundering Alert*, http://www.pbs.org/wgbh/pages/frontline/shows/mexico/family/citibankaffair.html. Cf. Stephen Bender, "American Banks and the War on Drugs," *Z Magazine*, March 2001, http://www.zmag.org/ZMag/articles/mar01bender.htm.

124. Cf. "Mexican Governor Pleads Not Guilty to Drug Charges in US," AFP, May 10, 2010. The problem of bank-assisted theft was of course not confined to Mexico. "Sani Abacha, Nigeria's former dictator, looted his nation of $110 million, also laundered for him by Citibank" (Chalmers Johnson, *The Sorrows of Empire: Militarism, Secrecy and the End of the Republic* [New York: Metropolitan/Henry Holt, 2004], 274).

125. Stephen Bender, "American Banks and the War on Drugs," *Z Magazine*, March 2001; http://www.zmag.org/ZMag/articles/mar01bender.htm. The Minority Staff Report is at http://govt-aff.senate.gov/110999_report.htm.

126. Guilhem Fabre, "Prospering on Crime: Money Laundering and Financial Crises," http://www.mamacoca.org/FSMT_sept_2003/en/doc/fabre_prospering_on
_crime_en.htm. Details in Guilhem Fabre, *Criminal Prosperity: Drug Trafficking, Money Laundering and Financial Crises after the Cold War* (London: Routledge/Curzon, 2002), chap. 5.

127. Scott, *Drugs, Oil, and War*, 198, 207.

128. Before the first loan was issued in 1982, the U.S. government had already ascertained from DEA and CIA that the profits from drug exports for Colombia and Mexico "probably

represent 75 percent of source-country export earnings" (James Mills, *The Underground Empire: Where Crime and Government Embrace* [New York: Dell, 1986], 1135, 1181).

129. *Reforma* (Mexico City), May 22, 1996, http://www.pbs.org/wgbh/pages/frontline/shows/mexico/news/reforma.html. An article in *Proceso*, February 16, 1997, based on heavily censored U.S. court documents, reproduced the allegations of a woman who claimed to have delivered payments of from $300,000 to $1 million to Raúl's brother-in-law, José Ruiz Massieu. Cf. Charles Bowden, *Down by the River: Drugs, Money, Murder, and Family* (New York: Simon and Schuster, 2002), 167.

130. CNN, May 18, 1998.

131. Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America, 1947–2000* (New York: Knopf, 2001), prologue. Sally Denton later enlarged on the details: "When it became clear 70 United States, American, banks were involved, had the complicity, knew about every single one of the wire-transfers and transactions—banks including Chemical Bank, Bank of New York, CitiBank, American Express — . . . President Clinton and Madeline Albright stepped in and intervened and stopped the entire investigation and closed all of the cases" (discussion at Taos Community Auditorium, October 12, 2002, http://www.taosplaza.com/taosplaza/2003/pages/tmff_drugs.php).

132. Interview with Al Giordano, *Multinational Monitor*, April 2002, http://multinationalmonitor.org/mm2002/02april/april02interviewgiordano.html.

133. According to U.S. sources in 1998, "The Mexican federation of [drug] cartels alone is believed to earn between $17 and $30 billion each year" (Richard Parker, "U.S. Fickle on Anti-Narcotics Aid," *ABQJournal* (*Albuquerque Journal*), http://www.abqjournal.com/news/drugs/2drug3-5.htm). These estimates seem consistent with official estimates of drug consumption in the United States, in the order of $64 billion a year (Prestowitz, *Rogue Nation*, 259). To put the Mexican estimates in perspective, consider that the total of U.S.–Mexican trade in both directions, for the first nine months of 1996, was $94 billion.

134. CNN, July 9, 2009; Fox News, January 12, 2009.

Chapter 3: Operation Paper

1. William O. Walker III, "Drug Trafficking in Asia," *Journal of Interamerican Studies and World Affairs* 34, no. 3 (1992): 204.

2. William Peers [OSS/CIA] and Dean Brellis, *Behind the Burma Road* (Boston: Little, Brown, 1963), 64.

3. Burton Hersh, *The Old Boys: The American Elite and the Origins of the CIA* (New York: Scribner's, 1992), 300.

4. Peter Dale Scott, "Mae Salong," in *Mosaic Orpheus* (Montreal: McGill-Queen's University Press, 2009), 45.

5. Peter Dale Scott, "Wat Pa Nanachat," in *Mosaic Orpheus*, 56.

6. Vietnam Archive, Oral History Project, Interview with Bill Lair, Texas Tech University, December 12, 2001, http://www.vietnam.ttu.edu/star/images/OH/OH0200/OH0200-part1.pdf. Lair also recruited for the CIA William Young, the son of American missionaries who was raised among Thai–Lao hill tribes and spoke their languages. Young also helped to improve relations between the hill tribes and the Thai government. In this effort he was succeeded by Assawin Willis Bird, the Thai-American son of Willis Bird (Lair's brother-in-law), who figures prominently in the following pages.

7. I write about this practice in *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003).

8. There are analogies also with the history of U.S. involvement in Iraq, though here the analogies are not so easily drawn. The most relevant point is that U.S. success in the defense of Kuwait during the 1990–1991 Gulf War once again produced internal pressures, dominated by the neoconservative clique and the Cheney–Rumsfeld–Project for the New American Century cabal, which ultimately pushed the United States into another rollback campaign, the current invasion of Iraq itself.

9. G. William Skinner, *Chinese Society in Thailand: An Analytical History* (Ithaca, NY: Cornell

University Press, 1957), 166–67; Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), 101; Bertil Lintner, *Blood Brothers: The Criminal Underworld of Asia* (New York: Palgrave Macmillan, 2002), 234.

10. Carl A. Trocki, "Drugs, Taxes, and Chinese Capitalism in Southeast Asia," in *Opium Regimes: China, Britain, and Japan, 1839–1952*, ed. Timothy Brook and Bob Tadashi Wakabayashi (Berkeley: University of California Press, 2000), 99.

11. McCoy, *The Politics of Heroin*, 102; James C. Ingram, *Economic Change in Thailand, 1850–1970* (Stanford, CA: Stanford University Press, 1971), 177.

12. Skinner, *Chinese Society in Thailand*, 166–67, 236–44, 264–65.

13. Cf. Robert Maule, "British Policy Discussions on the Opium Question in the Federated Shan States, 1937–1948," *Journal of Southeast Asian Studies* 33 (June 2002): 203–24.

14. One often reads that the Northern Army invasion of the Shan states was in support of the Japanese invasion of Burma. In fact, the Japanese army (which may have had its own designs on Shan opium) refused for some months to allow the Thai army to move until the refusal was overruled for political reasons by officials in Tokyo. See E. Bruce Reynolds, *Thailand and Japan's Southern Advance: 1940–1945* (New York: St. Martin's, 1994), 115–17.

15. McCoy, *The Politics of Heroin*, 105. Cf. E. Bruce Reynolds, "'International Orphans'—The Chinese in Thailand during World War II," *Journal of Southeast Asian Studies* 28 (September 1997): 365–88: "In an effort to distance himself from the Japanese, Premier Phibun initiated secret contacts with Nationalist China through the Thai army in the Shan States and developed a scheme to transfer the capital to the northern town of Petchabun with the idea of ultimately turning against the Japanese and linking up militarily with Nationalist China." Under orders from Thai Premier Phibun, rapprochement of the Northern Army in Kengtung with the KMT began in January 1943 with a symbolic release of prisoners followed by a cease fire ("Thailand and the Second World War," http://www.geocities.com/thailandwwii/shan3.html).

16. E. Bruce Reynolds, *Thailand's Secret War: The Free Thai, OSS, and SOE during World War II* (Cambridge: Cambridge University Press, 2005), 170–71.

17. McCoy, *The Politics of Heroin*, 162–63, citing Archimedes L. A. Patti, *Why Vietnam* (Berkeley: University of California Press, 1980), 216–17, 265, 354–55, 487. Lung Yun's son, Lung Shing, denied to James Mills that his father was a smuggler: "My family's been painted as the biggest drug runner. This is nonsense. The government in the old days put a tax on opium, which is true. It's been doing that for the past hundred years. You can't pin it on my family for that" (James Mills, *The Underground Empire: Where Crime and Governments Embrace* [New York: Dell, 1986], 737).

18. The directions given by Washington to the OSS mission were to establish contact with Phibun's political enemy, Pridi Phanomyong. However, the mission's leader, Khap Kunchon, was secretly a Phibun loyalist with a history of sensitive missions, and this complication helps to explain Khap's motive and success in promoting the Thai–KMT talks (Nigel J. Brailey, *Thailand and the Fall of Singapore: A Frustrated Asian Revolution* [Boulder, CO: Westview Press, 1986], 100).

19. Judith A. Stowe, *Siam Becomes Thailand: A Story of Intrigue* (Honolulu: University of Hawai'i Press, 1991), 282. The border itself, a product of Sino–British negotiations in the nineteenth century, was an artifact, dividing the historically connected principalities of the Thai Lü in Sipsongpanna (southern Yunnan) from those of the Thai Yai (Shans) in Burma (Stephen Sparkes and Signe Howell, *The House in Southeast Asia: A Changing Social, Economic and Political Domain* [London: RoutledgeCurzon, 2003], 134; Janet C. Sturgeon, *Border Landscapes: The Politics of Akha Land Use in China and Thailand* [Seattle: University of Washington Press, 2005], 82).

20. Stowe, *Siam Becomes Thailand*, 282–83. I have discovered no indication as to whether Nicol Smith, the American leader of the OSS mission, was aware of the implications of the talks for the future of the Shan opium trade.

21. Reynolds, *Thailand's Secret War*, 171, 175–76.

22. Reynolds, *Thailand's Secret War*, 171; Brailey, *Thailand and the Fall of Singapore*, 100; Maochun Yu, *OSS in China: Prelude to Cold War* (New Haven, CT: Yale University Press, 1996), 117; John B. Haseman, *The Thai Resistance Movement* (Chiang Mai: Silkworm Books, 2002), 62–63; Stowe, *Siam Becomes Thailand*, 282; Nicol Smith and Blake Clark, *Into Siam: Underground Kingdom* (Indianapolis: Bobbs-Merrill, 1946), 146. According to Smith, General

Lu himself took responsibility for delivering a message from OSS promising amnesty to the Northern Army; according to Haseman, the letter "was delivered to front-line Thai positions, who passed it in turn to Sawaeng [Thappasut, a former student of Khap's], MG Han [Songkhram], LTG Chira [Wichitsongkhram], and to Marshal Phibul."

23. Miles, Donovan's first OSS chief for China, became more and more closely allied with the controversial Tai Li in a semiautonomous network, SACO. In December 1943 Donovan, alerted to the situation, replaced Miles as OSS China chief with Colonel John Coughlin (Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* [Berkeley: University of California Press, 1972], 246–58).

24. Reynolds, *Thailand's Secret War*, 191–92, citing documents of September 1944, cf. 175; Stowe, *Siam Becomes Thailand*, 270.

25. Cf. Jonathan Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52," in *Drug Control Policy: Essays in Historical and Comparative Perspective*, ed. William O. Walker III (University Park: Pennsylvania State University Press, 1992), 96: "Americans . . . knew that [Tai Li's] agents protected Tu's huge opium convoys"; Douglas Valentine, *The Strength of the Wolf: The Secret History of America's War on Drugs* (London: Verso, 2004), 47: "It was an open secret that Tai Li's agents escorted opium caravans from Yunnan to Saigon and used Red Cross operations as a front for selling opium to the Japanese."

26. After the final KMT defeat of 1949, the 93rd Division received other remnants from the KMT 8th and 26th Armies and a new commander, General Li Mi of the KMT Eighth Army (Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* [Chiang Mai: Silkworm Books, 1999], 111–15).

27. McCoy, *The Politics of Heroin*, 106, 188–91, 415–20.

28. Thomas Lobe, *United States National Security Policy and Aid to the Thailand Police* (Denver: Graduate School of International Studies, University of Denver, 1977), 27.

29. Lintner, *Burma in Revolt*, 192.

30. Lintner, *Blood Brothers*, 241–44. After Sarit died in 1963, Chin was able to return to Thailand.

31. William Stevenson, *The Revolutionary King: The True-Life Sequel to* The King and I (London: Constable and Robinson, 2001), 4, 162, 195. The king personally translated Stevenson's biography of Sir William Stephenson into Thai.

32. Anthony Cave Brown, *The Last Hero: Wild Bill Donovan* (New York: Times Books, 1982), 797; Stevenson, *The Revolutionary King*, 162. In 1970, Thompson's biographer, William Warren, described the funding of Thompson's company in some detail but made no reference to the WCC (William Warren, *Jim Thompson: The Unsolved Mystery* [Singapore: Archipelago Press, 1998], 66–67). Former CIA officer Richard Harris Smith wrote that Thompson was later "frequently reported to have CIA connections" (Smith, *OSS*, 313n). Joe Trento, without citing any sources, places Jim Thompson at the center of this chapter's narrative: "Jim Thompson . . . (who in fact was a CIA officer) had recruited General Phao, head of the Thai police, to accept the KMT army's drugs for distribution" (Joseph J. Trento, *The Secret History of the CIA* [New York: Random House/Forum, 2001], 346). Thompson disappeared mysteriously in Malaysia in 1967; his sister, who investigated the disappearance, was brutally murdered in America a few months later.

33. Valentine, *The Strength of the Wolf*, 155. Helliwell in Kunming used opium, which was in effect the local hard currency, to purchase intelligence (*Wall Street Journal*, April 18, 1980).

34. Sterling Seagrave, *The Marcos Dynasty* (New York: Harper and Row, 1988), 361.

35. John Loftus and Mark Aarons, *The Secret War against the Jews* (New York: St. Martin's, 1994), 110–11.

36. The best evidence of this, the M-fund reported on by Chalmers Johnson, is discussed in the next chapter. Cf. Sterling and Peggy Seagrave, *Gold Warriors: America's Secret Recovery of Yamashita's Gold* (London: Verso, 2003), 3. The Seagraves link Helliwell to the movement of Japanese gold out of the Philippines, and they suggest, by hearsay but without evidence, that both Sea Supply Inc. and Civil Air Transport were thus funded (147–48, 152). Although many of their startling allegations are beyond my competence to assess or even believe, there are at least two that I have verified from my own research. I am persuaded that in the first postwar months when the United States was already supporting and using the SS war criminal Klaus Barbie, the operation was paid by SS funds. And I have seen secret documentary proof that a large sum of gold was indeed later deposited in a Swiss bank account in the name of a famous Southeast Asian leader, as claimed by the Seagraves.

37. Leonard Slater, *The Pledge* (New York: Pocket Books, 1971), 175. An attorney once made the statement that Burton Kanter (Helliwell's partner in the money-laundering Castle Bank) "was introduced to Helliwell by General William J. Donovan. . . . Kanter denied that. 'I personally never met Donovan. I believe I may have spoken to him once at Paul Helliwell's request'" (Pete Brewton, *The Mafia, CIA and George Bush* [New York: S.P.I. Books, 1992], 296).

38. In the course of Operation Safehaven, the U.S. Third Army took an SS major "on several trips to Italy and Austria, and, as a result of these preliminary trips, over $500,000 in gold, as well as jewels, were recovered" (Anthony Cave Brown, *The Secret War Report of the OSS* [New York: Berkeley, 1976], 565–66).

39. Amy B. Zegart, *Flawed by Design: The Evolution of the CIA, JCS, and NSC* (Stanford, CA: Stanford University Press, 1999), 189, citing Christopher Andrew, *For the President's Eyes Only* (New York: HarperCollins, 1995), 172; see also U.S. Congress, Senate, 94th Cong., 2nd sess., Select Committee to Study Governmental Operations with Respect to Intelligence Activities, *Final Report*, April 26, 1976, Senate Report No. 94-755, 28–29.

40. Stevenson, *The Revolutionary King*, 50. Douglas Valentine claims that in mid-1947, Donovan intervened in Bangkok politics to resolve a conflict between the police and the army over the opium traffic. In 1947, Donovan was a registered foreign agent for the civilian Thai government, representing them in negotiations over the postwar border with French Indochina. Valentine reports that in mid-1947, "Donovan traveled to Bangkok to unite the squabbling factions in a strategic alliance against the Communists" and that the KMT businessmen in Bangkok who managed the flow of narcotics from Thailand to Hong Kong and Macao "benefited greatly from Donovan's intervention" (Valentine, *The Strength of the Wolf*, 70). He notes also that "by mid-1947 Kuomintang narcotics were reaching America through Mexico." What actually happened in November 1947 in Thailand was the ousting of Pridi's civilian government in a military coup. Soon afterward the first of Thailand's postwar military dictators, Phibun, took office. Not long after Phibun's accession, Thailand quietly abandoned the antiopium campaign announced in 1948, whereby all opium smoking would have ended by 1953 (Francis W. Belanger, *Drugs, the U.S., and Khun Sa* [Bangkok: Editions Duang Kamol, 1989], 75–90).

41. Stevenson, *The Revolutionary King*, 50–51.

42. William O. Walker III, *Opium and Foreign Policy: The Anglo-American Search for Order in Asia, 1912–1954* (Chapel Hill: University of North Carolina Press, 1991), 184–85, citing letters from Bird, April 5, 1948, and Donovan, April 14, 1948 (Donovan Papers, box 73a, Military History Institute, U.S. Army, Carlisle Barracks, Pennsylvania).

43. Paul M. Handley, *The King Never Smiles: A Biography of Thailand's Bhumipol Adulyadej* (New Haven, CT: Yale University Press, 2006), 105.

44. Walker, *Opium and Foreign Policy*, 185.

45. *Foreign Relations of the United States, 1949–1951* (hereinafter *FRUS*) (Washington, DC: Government Printing Office), vol. 6, 40–41; memo of March 9, 1950, from Dean Acheson, secretary of state.

46. *FRUS, 1952–1954*, vol. 12, 651, memo of October 7, 1952, from Edwin M. Martin, special assistant to the secretary for mutual security affairs, to John H. Ohly, assistant director for program, Office of the Director of Mutual Security (emphasis added).

47. Shortly before his dismissal on April 11, 1951, MacArthur in Tokyo issued a statement calling for a "decision by the United Nations to depart from its tolerant effort to contain the war to the area of Korea, through an expansion of our military operations to its coastal areas and interior bases [to] doom Red China to risk the imminent military collapse" (Lintner, *Blood Brothers*, 237).

48. Bruce Cumings, *The Origins of the Korean War*, vol. 2 (Princeton, NJ: Princeton University Press, 1990). Donovan in this period became vice chairman of the Committee to Defend America by Aiding Anti-Communist China.

49. Martha Byrd, *Chennault: Giving Wings to the Tiger* (Tuscaloosa: University of Alabama Press, 1987), 325–28; William M. Leary, *Perilous Missions: Civil Air Transport and CIA Covert Operations in Asia, 1946–1955* (Tuscaloosa: University of Alabama Press, 1984), 67–68; Scott, *Drugs, Oil, and War*, 2.

50. Jack Samson, *Chennault*, 62.

51. John Prados, *Safe for Democracy: The Secret Wars of the CIA* (Chicago: Ivan R. Dee, 2006), 125. Cf. *Los Angeles Times*, September 22, 2000: "Newly declassified U.S. intelligence

files tell the remarkable story of the ultra-secret Insurance Intelligence Unit, a component of the Office of Strategic Services, a forerunner of the CIA, and its elite counterintelligence branch X-2. Though rarely numbering more than a half dozen agents, the unit gathered intelligence on the enemy's insurance industry, Nazi insurance titans and suspected collaborators in the insurance business. . . . The men behind the insurance unit were OSS head William "Wild Bill" Donovan and California-born insurance magnate Cornelius V. Starr. Starr had started out selling insurance to Chinese in Shanghai in 1919. . . . Starr sent insurance agents into Asia and Europe even before the bombs stopped falling and built what eventually became AIG, which today has its world headquarters in the same downtown New York building where the tiny OSS unit toiled in the deepest secrecy."

52. Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 46–47, 263–64. William Youngman, Corcoran's law partner and a key member of Chennault's support team in Washington during and after the war, was by 1960 president of a C. V. Starr company in Saigon.

53. Smith, *OSS*, 267.

54. Smith, *OSS*, 267n.

55. It is possible that other backers of the Chennault Plan allied themselves, like Helliwell, with organized crime. In those early postwar years, one of the C. V. Starr companies, U.S. Life, was the recipient of dubious Teamster insurance contracts through the intervention of the mob-linked business agents Paul and Allan Dorfman (Scott, *Drugs, Oil, and War*, 197; Scott, *The War Conspiracy*, 279). One of the principal supporters of Chennault's airline on the U.S. West Coast, Dr. Margaret Chung, was suspected of drug trafficking after her frequent trips to Mexico City with Virginia Hill, a courier for Meyer Lansky and Bugsy Siegel. See Ed Reid, *The Mistress and the Mafia: The Virginia Hill Story* (New York: Bantam, 1972), 42, 90; Peter Dale Scott, "Opium and Empire: McCoy on Heroin in Southeast Asia," *Bulletin of Concerned Asian Scholars*, September 1973, 49–56.

56. Ronald Shelp with Al Ehrbar, *Fallen Giant: The Amazing Story of Hank Greenberg and the History of AIG* (Hoboken, NJ: Wiley, 2006), 60.

57. *Encyclopaedia Britannica*. The money splashed around in Washington by the "China Lobby" was attributed at the time chiefly to the wealthy linen and lace merchant Joseph Kohlberg, the so-called China Lobby man. But it has often been suspected that he was fronting for others.

58. Lintner, *Burma in Revolt*, 111–14. As early as 1950, Ting was also actively promoting the concept of an Anti-Communist League to support KMT resistance (134, 234). The KMT's ensuing Asian Peoples' Anti-Communist League (later known as the World Anti-Communist League) became intimately involved with support for the KMT troops in Burma. In 1971 the chief Laotian delegate to the World Anti-Communist League, Prince Sopsaisana, was detained with sixty kilos of top-grade heroin in his luggage (Scott, *Drugs, Oil, and War*, 163, 194–95).

59. MacArthur advised the State Department in 1949 that the United States should place "500 fighter planes in the hands of some 'war horse' similar to Chennault" and further support the KMT with U.S. volunteers (memo of conversation, September 5, 1949, *FRUS, 1949*, vol. 9, 544–46; Cumings, *The Origins of the Korean War*, 103; Byrd, *Chennault*, 344). Chennault in turn told Senator Knowland that Congress should appoint MacArthur a supreme commander for the entire Far East.

60. Donovan suggested that Chennault become minister of defense in a reconstituted KMT government. At some point Chennault and Donovan met privately with Willoughby in Japan (Cumings, *The Origins of the Korean War*, 513).

61. Valentine, *The Strength of the Wolf*, 260; Cumings, *The Origins of the Korean War*, 133.

62. Cumings, *The Origins of the Korean War*, 119–21, 796; James Burnham, *The Coming Defeat of Communism* (New York: John Day, 1951), 256–66.

63. David McKean, *Peddling Influence: Thomas "Tommy the Cork" Corcoran and the Birth of Modern Lobbying* (Hanover, NH: Steerforth, 2004), 216.

64. Hersh, *The Old Boys*, 299.

65. McKean, *Peddling Influence,* 216; Christopher Robbins, *Air America* (New York: Putnam's, 1979), 48–49, 56–57, 70; Byrd, *Chennault*, 333; Alan A. Block, *Masters of Paradise: Organized Crime and the Internal Revenue Service in the Bahamas* (New Brunswick, NJ: Transaction, 1991), 169.

66. Curtis Peebles, *Twilight Warriors: Covert Air Operations against the USSR* (Annapolis, MD: Naval Institute Press, 2005), 88–89.

67. William R. Corson, *The Armies of Ignorance: The Rise of the American Intelligence Empire* (New York: Dial Press/James Wade, 1977), 320–21.

68. Hersh, *The Old Boys*, 284. Cf. Samuel Halpern (a former CIA officer) in Ralph S. Weber, *Spymasters: Ten CIA Officers in Their Own Words* (Wilmington, DE: Scholarly Resources, 1999), 117: "Bedell suddenly said, 'They're under my command.'
. . . He did it, and he did it in the first seven days of his tenure as DCI [director of the CIA]."

69. Corson, *The Armies of Ignorance*, 319; Daniel Fineman, *A Special Relationship: The United States and Military Government in Thailand, 1947–1958* (Honolulu: University of Hawai'i Press, 1997), 137; Henry G. Gole, *General William E. DePuy: Preparing the Army for Modern War* (Lexington: University Press of Kentucky, 2008), 80: "CIA Director Walter Bedell Smith opposed the plan, but President Truman approved it, overruled the Director, and ordered the strictest secrecy about it."

70. Victor S. Kaufman, "Trouble in the Golden Triangle: The United States, Taiwan and the 93rd Nationalist Division," *China Quarterly*, no. 166 (June 2001): 441, citing Memorandum, Bradley to Secretary of Defense, April 10, 1950, and Annex to NSC 48/3, "United States Objectives, Policies, and Courses of Action in Asia," May 2, 1951. President's Secretary's File, National Security File—Meetings, box 212, Harry S. Truman Library, Independence, Missouri. Cf. Sam Halpern, in Weber, *Spymasters*, 119: "The Pentagon came up with this bright plan, as I understand it; at least, I was told this by my [CIA/OSO] boss, Lloyd George, who was Chief of the Far East Division at the time."

71. Kaufman, "Trouble in the Golden Triangle," 442–43; Fineman, *A Special Relationship*, 141–42.

72. Kaufman, "Trouble in the Golden Triangle," 443: "Whether . . . Secretary of State Dean Acheson . . . knew of Operation Paper is uncertain. Acheson was present at discussions regarding the use of covert operations against China. . . . Yet since mid-1950, the secretary of state had been working to remove the irregulars. Therefore, either Acheson knew of the operation and did not inform his subordinates, or he too did not have the entire picture." In apparent contradiction, William Walker writes that "Acheson had participated from the start in the decision-making process relating to NSC 48/5, so he was familiar with the discussions about using covert operations against China's southern flank" (*Opium and Foreign Policy*, 203). But NSC 48/5, primarily a policy paper on Korea, dates from May 17, 1951, half a year later.

73. Leary, *Perilous Missions*, 116–17.

74. Lintner, *Blood Brothers*, 237, citing MacArthur on March 21, 1951, in Robert H. Taylor, *Foreign and Domestic Consequences of the Kuomintang Intervention in Burma* (Ithaca, NY: Cornell University Southeast Asia Program, Data Paper no. 93, 1973), 42; Chennault on April 23, 1958, in U.S. Congress, House Committee on Un-American Activities, *International Communism (Communist Encroachment in the Far East),* "Consultations with Maj.-Gen. Claire Lee Chennault, United States Army," 85th Cong., 2nd sess., 9–10.

75. Leary, *Perilous Missions*, 129–30. Leary states that U.S. personnel delivered the arms only as far as northern Thailand, with the last leg of delivery handled by the Thai Border Police. But there are numerous contemporary reports of U.S. personnel at Mong Hsat in Burma who helped unload the planes and reload them with opium (Scott, *Drugs, Oil, and War*, 60; Corson, *The Armies of Ignorance*, 320–22). Lintner reproduces a photograph of three American civilians who were killed in action with the KMT in Burma in 1953 (Lintner, *Burma in Revolt*, 168). On April 1, 1953, the Rangoon *Nation* reported a captured letter from Major General Li's headquarters, discussing "European instructors for the training of students."

76. McCoy, *The Politics of Heroin*, 169–71; Lintner, *Blood Brothers*, 238. Despite this military fiasco, the KMT troops contributed to the survival of noncommunist Chinese communities in Southeast Asia both by serving as a protective shield and by sustaining the traditional social fabric of drug-financed KMT Triads in Southeast Asia. See McCoy, *The Politics of Heroin*, 185–86; Scott, *Drugs, Oil, and War*, 60, 192–93.

77. Donald F. Cooper, *Thailand: Dictatorship of Democracy?* (Montreux: Minerva Press, 1995), 120.

78. E.g., McCoy, *The Politics of Heroin*, 165–69. Cf. Tim Weiner, *Legacy of Ashes: The History of the CIA* (New York: Doubleday, 2007), 60: "The final theater for the CIA in the Korean War lay in Burma. In early 1951, as the Chinese Communists chased General MacArthur's troops south, the Pentagon thought the Chinese Nationalists could take some pressure off MacArthur by opening a second front. . . . The CIA began [*sic*] flying Chinese Nationalist soldiers into Thailand . . . and dropping them along with pallets of guns and ammunition into northern

Burma." Cf. Walker, *Opium and Foreign Policy*, 200: "Some aid was already reaching KMT forces in Burma . . . months before the January 1951 NSC meeting."

79. Fineman, *A Special Relationship*, 289n25.

80. Fineman, *A Special Relationship*, 137.

81. U.S. Treasury Department, Bureau of Narcotics, *Traffic in Opium and Other Dangerous Drugs* (Washington, DC: Government Printing Office, 1949), 13; (1950), 3; (1954), 12. Through the same decade, the FBN, by direction of the U.S. State Department, acknowledged to UN Narcotics Conferences that Thailand was a source for opium and heroin reaching the United States (Scott, *Drugs, Oil, and War*, 191, 203, citing UN Documents E/CN.7/213, E/CN.7/283, 22, and E/CN.7//303/Rev.1, 34; cf. Walker, *Opium and Foreign Policy*, 201 [State Department]). When the FBN Traffic in Opium reports began to acknowledge Thai drug seizures again in 1962, the Kennedy administration had already initiated serious efforts to remove the bulk of the KMT troops from the region (Kaufman, "Trouble in the Golden Triangle," 452).

82. Walker, *Opium and Foreign Policy*, 206, cf. 213–15. Cf. also Valentine, *The Strength of the Wolf*, 133, 150–52. Anslinger was not alone in blaming heroin flows on mainland China. He was joined in the attack by two others with CIA connections: Edward Hunter (a veteran of OSS China and OPC who in turn was fed information regularly by Chennault) and Richard L. G. Deverall of the American Federation of Labor's Free Trade Union Committee (under the CIA's labor asset Jay Lovestone).

83. Scott, *Drugs, Oil, and War*, 7, 60–61, 198, 207, citing Penny Lernoux, *In Banks We Trust* (Garden City, NY: Anchor/Doubleday, 1984), 42–44, 84.

84. Fineman, *A Special Relationship*, 215.

85. I explore this question in Scott, *Drugs, Oil, and War*, 60–64.

86. Gole, *General William E. DePuy*, 80.

87. Chennault himself was investigated for such smuggling activities, "but no official action was taken because he was politically untouchable" (Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52," 92); cf. Barbara Tuchman, *Stilwell and the American Experience in China, 1911–1945* 7–78; Paul Frillmann and Graham Peck, *China: The Remembered Life* (Boston: Houghton Mifflin, 1968), 152.

88. Corson, *The Armies of Ignorance*, 322.

89. Valentine, *The Strength of the Wolf*, 71, quoting Reid, *The Mistress and the Mafia*, 42.

90. Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52," 98, citing OSS CID 126155, April 19, 1945.

91. Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52."

92. Andrew Forbes and David Henley, *The Haw: Traders of the Golden Triangle* (Bangkok: Teak House, 1997).

93. Cooper, *Thailand*, 116.

94. Wen-chin Chang, "Identification of Leadership among the KMT Yunnanese Chinese in Northern Thailand, *Journal of Southeast Asian Studies* 33 (2002): 125. Chang calls this name "a popular misnomer" on the grounds that the KMT villages have been expanding and "slowly casting off their former military legacy."

95. Taylor, *Foreign and Domestic Consequences of the Kuomintang Intervention in Burma*, 10.

96. McCoy, *The Politics of Heroin*, 162–63.

97. Sucheng Chan, *Hmong Means Free: Life in Laos and America* (Philadelphia: Temple University Press, 1994), 1942; cf. John T. McAlister, *Viet Nam: The Origins of Revolution* (Garden City, NY: Doubleday, 1971), 228; Scott, *The War Conspiracy*, 267.

98. Timothy Brook and Bob Tadashi Wakabayashi, eds., *Opium Regimes: China, Britain, and Japan, 1839–1952* (Berkeley: University of California Press, 2000), 261–79; Jonathan Marshall, "Opium and the Politics of Gangsterism in Nationalist China, 1927–1945," *Bulletin of Concerned Asian Scholars*, July–September 1976, 19–48; Laura Tyson Li, *Madame Chiang Kai-shek: China's Eternal First Lady* (New York: Atlantic Monthly Press, 2006), 107, citing Nelson T. Johnson to Stanley K. Hornbeck, May 31, 1934, box 23, Johnson Papers, Library of Congress.

99. In global surveys of the opium traffic, one regularly reads of the importance of Teochew (Chiu chau) triads in the postwar Thai drug milieu (e.g., Martin Booth, *Dragon Syndicates: The Global Phenomenon of the Triads* [New York: Carroll and Graf, 1999], 176–77; McCoy, *The Politics of Heroin*, 389, 396). Although triads are central to trafficking in Hong Kong, and today possibly inside China, I question whether the Teochew in Thailand, although they

certainly are prominent in the drug trade there, are still as dominated by triads as they were before World War II. Cf. Skinner, *Chinese Society in Thailand*, 264–67.

100. Valentine, *The Strength of the Wolf*, 14, citing Melvin L. Hanks, *NARC: The Adventures of a Federal Agent* (New York: Hastings House, 1973), 37, 162–66; Brook and Wakabayashi, *Opium Regimes*, 263. For an overview of U.S. knowledge of KMT drug trafficking, see Marshall, "Opium and the Politics of Gangsterism in Nationalist China, 1927–1945."

101. Valentine, *The Strength of the Wolf*, 72–73, citing Terry A. Talent report of November 15, 1946; Douglas Clark Kinder and William O. Walker III, "Stable Force in a Storm: Harry J. Anslinger and United States Narcotics Policy, 1930–1962," *Journal of American History*, March 1986, 919.

102. Valentine, *The Strength of the Wolf*, 77.

103. Victor S. Kaufman, *Confronting Communism: U.S. and British Policies toward China* (Columbia: University of Missouri Press, 2001), 20–21.

104. Cumings, *The Origins of the Korean War*, 508–25; Robert Accinelli, *Crisis and Commitment: United States Policy toward Taiwan, 1950–1955* (Chapel Hill: University of North Carolina Press, 1996), 271–72; Ross Y. Koen, *The China Lobby in American Politics* (New York: Harper and Row, 1974), 46, 48–51. Elsewhere I have described Commerce International China as a subsidiary of the WCC. Since then, I have learned that it was a firm founded in Shanghai in 1930. I now doubt the alleged WCC connection. Later, Fassoulis was indicted in a huge organized crime conspiracy to defraud banks in a stock swindle (*New York Times*, September 12, 1969; Peter Dale Scott, *Deep Politics and the Death of JFK* [Berkeley: University of California Press, 1998], 168–69, 178). By 2005, Fassoulis was worth $150 million as chairman and CEO of CIC International, the successor to Commerce International China; his company, now supplying the U.S. armed services, was predicted to do $870 million of business ("The 50 Wealthiest Greeks in America," *National Herald*, March 29, 2008). There have been speculations that the "U.S. Central Intelligence Agency . . . may actually support CIC International, Ltd. so it remains in business as one of its many brokers for arms, technology components, logistics on transactions significant to intelligence operations" (Paul Collin, "Global Economic Brinkmanship," http://www.totse.com/en/politics/corporatarchy/ Valentine, globaleconomic170320.html).

105. Scott, *Drugs, Oil, and War*, 188.

106. McCoy, *The Politics of Heroin*, 185.

107. Scott, *Drugs, Oil, and War*, 192–93. Anslinger's protection of the KMT traffic had the additional consequence of strengthening and protecting pro-KMT tongs in America. In 1959, when a pro-KMT Hip Sing tong network distributing drugs was broken up in San Francisco, a leading FBN official with OSS–CIA connections, George White, blamed the drug shipment on communist China while allowing the ringleader to escape to Taiwan (Scott, *Drugs, Oil, and War*, 63; Valentine, *The Strength of the Wolf*, 195).

108. Walker, *Opium and Foreign Policy*, 214.

109. Joe Studwell, *Asian Godfathers: Money and Power in Hong Kong and Southeast Asia* (New York: Atlantic Monthly Press, 2007), 95–96.

110. J. W. Cushman, "The Khaw Group: Chinese Business in Early Twentieth-Century Penang," *Journal of Southeast Asian Studies* 17 (1986): 58; cf. Trocki, "Drugs, Taxes, and Chinese Capitalism in Southeast Asia," 99–100.

111. Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52," 106. The KMT obtained the tungsten from Karen rebels controlling a major mine at Mawchj in exchange for modern arms provided by the CIA.

112. Fineman, *A Special Relationship*, 133, 153. Bird at the time was a "private aviation contractor" (McCoy, *The Politics of Heroin*, 168), and aviation was the key to the BPP strategy of defending the Thai frontier because the Thai road system was still primitive in the border areas. Because Bird included in this committee his brother-in-law, Air Force Colonel Sitthi Savetsila, Sitthi became one of Phao's closest aides-de-camp and his translator. In the 1980s he served for a decade as foreign minister in the last Thai military government.

113. I have not been able to establish the identity of this OPC officer. One possibility is Desmond Fitzgerald, who became the overseer and champion of Sea Supply, Operation Paper, the BPP, and (still to be discussed) PARU. Another possibility is Paul Helliwell.

114. Lobe, *United States National Security Policy and Aid to the Thailand Police*, 19–20.

115. Fineman, *A Special Relationship*, 137; McCoy, *The Politics of Heroin*, 165.

116. Fineman, *A Special Relationship*, 134, emphasis added.

117. McCoy, *The Politics of Heroin*, 168–69: Sherman Joost, the OPC officer who headed Sea Supply in Bangkok, "had led Kachin guerrillas in Burma during the war as a commander of OSS Detachment 101."

118. Walker, *Opium and Foreign Policy*, 200, 205.

119. McCoy, *The Politics of Heroin*, 168.

120. Scott, *Drugs, Oil, and War*, 187–89, 201–2; Robbins, *Air America*, 48–49, 56–57, 70; Leary, *Perilous Missions*, 110–12.

121. Chen Han-Seng, "Monopoly and Civil War in China," Institute of Pacific Relations, *Far Eastern Survey* 15, no. 20 (October 9, 1946): 308.

122. Scott, *Drugs, Oil, and War*, 187–89. CAT was not the only airline supplying Li Mi. There was also Trans-Asiatic Airlines, described as "a CIA outfit operating along the Burma-China border against the People's Republic of China" and based in Manila (Roland G. Simbulan, "The CIA in Manila," Nathan Hale Institute for Intelligence and Military Affairs, August 18, 2000, http://alexanderhamiltoninstitute .org/lp/Hale/Special%20Reports%5CProactive%20Preemptive%20Operations%20Group %5CThe%20CIA%20in%20Manila.htm). On April 10, 1948, an operating agreement was signed in Thailand between the new Thai government of Phibun and Trans-Asiatic Airlines (Siam) Limited (*Far Eastern Economic Review* 35 [1962]: 329). Note that this was two months before NSC 10/2 formally directed the CIA to conduct "covert" rather than merely "psychological" operations and five months before the creation of the OPC in September 1948.

123. Lintner, *Burma in Revolt*, 146.

124. *FRUS, 1951*, vol. 6, pt. 2, 1634; Fineman, *A Special Relationship*, 150–51. The memo described Bird as "the character who handed over a lot of military equipment to the Police, without any authorization as far as I can determine, and whose status with CAS [local CIA] is ambiguous, to say the least."

125. Fineman, *A Special Relationship,* 133, 153. Handley's otherwise well-informed account wholly ignores Bird's role in preparing for the coup (*The King Never Smiles*, 113–15).

126. Scott, *Drugs, Oil, and War*, 40, citing McCoy, *The Politics of Heroin*, 162, 286–87. McCoy's estimate of the KMT's impact on expanding production is extremely conservative. According to Bertil Lintner, the foremost authority on the Shan states of Burma, "The annual production increased from a mere 30 tons at the time of independence [1945] to 600 tons in the mid-1950s" (Bertil Lintner, "Heroin and Highland Insurgency," in *War on Drugs: Studies in the Failure of U.S. Narcotics Policy*, ed. Alfred W. McCoy and Alan A. Block [Boulder, CO: Westview Press, 1992], 288). Furthermore, the KMT exploitation of the Shan states led thousands of hill tribesmen to flee to northern Thailand, where opium production also increased.

127. Mills, *Underground Empire*, 789. Mills also quotes General Tuan as saying that the Thai Border Police "were totally corrupt and responsible for transportation of narcotics." Mills comments, "This was of some interest, since the BPP, a CIA creation, was known to be controlled by SRF, the Bangkok CIA station" (Mills, *Underground Empire*, 780). For details on the CIA–BPP relationship in the 1980s, see Valentine's account (from Drug Enforcement Administration sources), *The Strength of the Pack*, 254–55.

128. Scott, *Drugs, Oil, and War*, 62–63, 193.

129. Kaufman, "Trouble in the Golden Triangle," 443.

130. Fineman, *A Special Relationship*, 141.

131. Rangoon *Nation*, March 30, 1953; Cooper, *Thailand*, 123; McCoy, *The Politics of Heroin*, 174; Lintner, *Burma in Revolt*, 139.

132. McCoy, *The Politics of Heroin*, 174–76; Leary, *Perilous Missions*, 195–96; Lintner, *Blood Brothers*, 238; *Life*, December 7, 1953, 61.

133. McCoy, *The Politics of Heroin*, 177–78.

134. Peter Grose, *Gentleman Spy: The Life of Allen Dulles* (Boston: Richard Todd/Houghton Mifflin, 1994), 324.

135. According to McCoy (*The Politics of Heroin*, 178), a CAT pilot named Jack Killam "was murdered in 1951 after an opium deal went wrong and was buried in an unmarked grave by CIA [i.e., OPC] agent Sherman Joost"—the head of Sea Supply. Joseph Trento, citing CIA officer Robert Crowley, gives the almost certainly bowdlerized version that two "drunk and violent" CAT pilots "shot it out in Bangkok" (Trento, *The Secret History of the CIA*, 347). According to William Corson, "Several theories have been advanced by those familiar with

the Killam case to suggest that the trafficking in drugs in Southeast Asia was used by the CIA as a self-financing device to pay for services and persons whose hire would not have been approved in Washington . . . or that it amounted to the actions of 'rogue' intelligence agents" (Corson, *The Armies of Ignorance*, 323). One consequence of these intrigues was that, as we have seen, OPC was abolished. At this time OPC Far East Director Richard Stilwell was rebuked severely by CIA Director Bedell Smith and transferred to the military. In the Pentagon, "by the end of 1981, Stilwell was running one of the most secret operations of the government" in conjunction with ex-CIA officer Theodore Shackley, a protégé of Stilwell's former OPC deputy, Desmond Fitzgerald (Joseph J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* [New York: Carroll and Graf, 2005], 213). Stilwell was advising on the creation of the U.S. Joint Special Operations Command.

136. Marchetti and Marks, *CIA and the Cult*, 383.

137. Hersh, *The Old Boys*, 301, quoting Polly (Mrs. Clayton) Fritchey. Other men prominent in the cabal responsible for Operation Paper were also Republican activists. One was Paul Helliwell, who became very prominent in Florida Republican Party politics, thanks in part to funds he received from Thailand as the Thai consul general in Miami. Harry Anslinger was a staunch Republican and owed his appointment as the first director of the FBN to his marriage to a niece of the Republican Party magnate (and Treasury Secretary) Andrew Mellon (Valentine, *The Strength of the Wolf*, 16). Donovan, married to a New York heiress and an OPC consultant in the late Truman years, had a lifelong history of activism in New York Republican Party politics.

138. A perhaps unanswerable deep historical question is whether some of these men, and especially Helliwell, were aware that KMT profits from the revived drug traffic out of Burma were funding the China Lobby's heavy attack on the Truman administration in general and on Dean Acheson and George C. Marshall in particular. (We shall see that in the later 1950s, Donovan and Helliwell received funds from Phao Sriyanon for the lobbying of Congress, supplanting those of the moribund China Lobby. Cf. Fineman, *A Special Relationship*, 214–15.) Citing John Loftus and others, Anthony Summers has written that Allen Dulles, before joining the CIA, had contributed to the young Richard Nixon's first election campaign and possibly had also supplied him with the explosive information that made Nixon famous: that former State Department officer Alger Hiss had known the communist Whittaker Chambers (Anthony Summers with Robbyn Swann, *The Arrogance of Power: The Secret World of Richard Nixon* [New York: Viking, 2000], 62–63).

139. Sydney Souers (the first director of central intelligence or DCI, Central Intelligence Group, 1946) was born in Dayton, Ohio. Hoyt Vandenberg (director, Central Intelligence Group, 1946–1947) was born in Milwaukee, Wisconsin. Roscoe Hillenkoetter (the third DCI and first director of the CIA, 1947–1949) was born in St. Louis. Walter Bedell Smith (the fourth DCI, 1949–1953) was born in Indianapolis.

140. For the details, see Scott, *The War Conspiracy*, 261. The one from Boston, Robert Amory, was no less Social Register, and his brother, Cleveland Amory, wrote a best-seller, *Who Killed Society*, 1960).

141. Weiner, *Legacy of Ashes*, 52–53. It may be relevant that Bedell Smith himself was a right-wing Republican who reportedly once told Eisenhower that Nelson Rockefeller "was a Communist" (Smith, *OSS*, 367).

142. McCoy, *The Politics of Heroin*, 165–78; cf. Trento, *The Secret History of the CIA*, 71.

143. McCoy, *Politics of Heroin*, 184.

144. Darrell Berrigan, "They Smuggle Drugs by the Ton," *Saturday Evening Post*, May 5, 1956, 42.

145. "Thailand: Not Rogue Cops but a Rogue System," a statement by the Asian Human Rights Commission, AHRC-STM-031-2008, January 31, 2008, http://www .ahrchk.net/statements/mainfile.php/2008statements/1359.

Chapter 4: Rollback, PARU, and Laos

1. Richard Helms to American Society of Newspaper Editors, 1971, quoted in Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade* (Chicago: Lawrence Hill Books/Chicago Review Press, 2001), 477.

2. Interview with Alfred McCoy by David Barsamian, February 17, 1990, http://www.lycaeum.org/drugwar/DARKALLIANCE/ciah3.html.

3. Eisenhower, in his first State of the Union Address in January 1953, threatened to "unleash Chiang." But two years of problems over the KMT drug forces in Burma meant that both Chiang Kai-shek and his friend Chennault had lost favor with Washington bureaucrats. By 1953 an emerging consensus in Washington feared that the KMT scandal was contributing to the influence of communism in Burma and damaging U.S. interests. See *FRUS, 1952–1954*, vol. 12, pt. 2 (Washington, DC: Government Printing Office), 13–19, 46–49, 53–62.

4. *Pentagon Papers*, Gravel Edition (Boston: Beacon Press, 1972), vol. 1, 85; cf. David Kaiser, *American Tragedy: Kennedy, Johnson, and the Origins of the Vietnam War* (Cambridge, MA: Harvard University Press/Belknap Press, 2000), 11.

5. Summary of PSB D-23, Top Secret, "U.S. Psychological Strategy Based on Thailand," September 14, 1953, *FRUS, 1952–1954*, vol. 12, pt. 2, 688–91. The complete document has never been published. It is contained in NARA, PSB Files, lot 62 D 333, file PSB D-23, also in the C. D. Jackson Records, Dwight D. Eisenhower Library, Series I, PSB-OCB Series, 1953–1954, box 1. Fineman summarizes and quotes from an earlier version of PSB D-23 in the Eisenhower Library, dated July 2; this copy is still sanitized with respect to Indochina (Daniel Fineman, *A Special Relationship: The United States and Military Government in Thailand, 1947–1958* [Honolulu: University of Hawai'i Press, 1997], 170–73, 299–300).

6. William O. Walker III, *Opium and Foreign Policy: The Anglo-American Search for Order in Asia, 1912–1954* (Chapel Hill: University of North Carolina Press, 1991), 209.

7. Fineman, *A Special Relationship*, 170 (drafted); Carl Bernstein, "The CIA and the Media," *Rolling Stone*, October 20, 1977, 63, quoted in Peter Dale Scott, *Deep Politics and the Death of JFK* (Berkeley: University of California Press, 1996), 55 (Luce).

8. This reflects the Gladio strategy of stay-behind forces that was already being instituted in Europe and Turkey.

9. *FRUS, 1952–1954,* vol. 12, pt. 2, 689; Fineman, *A Special Relationship*, 172. In Fineman's words, PSB D23 is "based on a variety of truths, half-truths, misconceptions, and outright falsehoods." As he points out, the PSB D-23 strategy ended up supporting the non-Thai Hmong *against* the Tai-speaking lowland Lao. In retrospect this talk of the "ethnic bonds of the Thai peoples" makes about as much sense as developing a World War II strategy based on the "ethnic bonds" of the Dutch and the Germans or the French and the Italians. But at the time it did reflect Phibun's nationalist vision of reuniting with Thai-related areas in Burma, Laos, and Cambodia, which the Japanese had allowed him to occupy in World War II.

10. Other explanations of the acronym PARU are Police Aerial Resupply Unit, Police Airborne Rescue Unit, and so on. All the titles tend to obscure the fact that PARU forces were paratroopers trained with an increasingly offensive military capacity.

11. Thomas Lobe, *United States National Security Policy and Aid to the Thailand Police* (Denver: Graduate School of International Studies, University of Denver, 1977), 24, emphasis added. Lobe indicates that PARU had already been organized before Donovan's arrival in 1953; this claim was later corroborated by Bill Lair in his Texas Tech interview (65: "*The PARU?* When I first went there [in March 1951], I opened this training school for guerilla warfare including parachute training"). In contrast, Fineman writes that "Donovan helped Phao found [PARU] in 1953" (*A Special Relationship*, 182). Another historian writes that PARU was created in 1958 (Timothy N. Castle, *At War in the Shadow of Vietnam: United States Military Aid to the Royal Lao Government, 1955–1975* [New York: Columbia University Press, 1993], 37–38).

12. Texas Tech University, Vietnam Archive Oral History Project, interview with Bill Lair, December 11, 2001, http://www.vietnam.ttu.edu/star/images/OH/OH0200/OH0200-part1.pdf, 83–85.

13. Chairman of the Operations Coordinating Board Walter Bedell Smith (the former CIA

director) to Cutler, September 11, 1953, in Office of the Special Assistant for National Security Affairs (SPANSA) Papers, NSC Series, Briefing Notes Subseries, SEA folder, box 16, Eisenhower Library, quoted in Fineman, *A Special Relationship*, 179. The quoted words do not occur in the truncated version of this memo reproduced in *FRUS, 1952–1954*, vol. 12, pt. 2, 687–88. However, they are consistent with the thrust of that memo and still more with the document, PSB D-23, which it transmitted. We shall see below that there are questions whether in fact the National Security Council (NSC) had authorized the document's proposed cross-border operations, which led to the Vietnam War.

14. Bruce Cumings, *The Origins of the Korean War*, vol. 2 (Princeton, NJ: Princeton University Press, 1990), 130.

15. Cumings, *The Origins of the Korean War*, 131.

16. Burton Hersh, *The Old Boys: The American Elite and the Origins of the CIA* (New York: Scribner's, 1992), 410.

17. Cumings, *The Origins of the Korean War*, 514, quoting British Foreign Service report of interview with Donovan.

18. Anthony Cave Brown, *The Last Hero: Wild Bill Donovan* (New York: Times Books, 1982), 822–23.

19. Brown, *The Last Hero*, 824–25, emphasis added. In the same pages Brown notes that Donovan was "heading rapidly towards penury" (825) and that he was assisted by a cash gift from the CIA and Allen Dulles by January 1954 (828). Donovan also persuaded Allen Dulles to build up the local CIA station into "a miniature OSS" with "a number of ex-OSS men, among them [the controversial anthropologist and racial theorist] Carleton Coon and Gordon Browne" (825). Coon and Browne had worked with Muslim tribes in Morocco for the OSS. Coon's wartime service for Donovan had also included a report "in which he advocated the formation of an elite corps of assassins" (252–53, 269).

20. Fineman, *A Special Relationship*, 181.

21. Interview with Bill Lair, 62.

22. Lobe, *United States National Security Policy and Aid to the Thailand Police*, 24.

23. Fineman, *A Special Relationship*, 134, 181. Fineman says that Donovan's visits were "not so much to oversee Sea Supply's work as to relive old times with his buddies." But Fineman's source for this questionable downplaying of Donovan's interest (cf. Brown, *The Last Hero*, 825) is a personal interview with Bill Lair. The next paragraph contains one of the very few errors in Fineman's excellent book: the claim that the BPP was "formed during Donovan's tenure." In fact, by nearly all accounts it had been formed back in 1951.

24. The camp was also visited by Desmond FitzGerald, by then head of the CIA's Far Eastern Division, and by CIA Director Allen Dulles. Lair dates the Dulles visit as "probably '53" (Interview with Bill Lair, 84).

25. Paul M. Handley, *The King Never Smiles: A Biography of Thailand's Bhumipol Adulyadej* (New Haven, CT: Yale University Press, 2006), 124.

26. Fineman, *A Special Relationship*, 141.

27. Fineman, *A Special Relationship*, 179–80, emphasis added; cf. *FRUS*, *1952–1954,* vol. 12, pt. 1, 689–90. Although it is clear that the opposition in the NSC was voiced by Admiral Radford on behalf of the Joint Chiefs, Donovan appears to have voiced all his frustration at the timid policies of Eisenhower ("not a great man"), the Dulles brothers, and Bedell Smith, who had "ruined" the CIA (Brown, *The Last Hero*, 826).

28. *FRUS, 1952–1954*, vol. 12, pt. 1, 685–86.

29. *FRUS, 1952–1954*, vol. 12, pt. 1, 732.

30. Fineman, *A Special Relationship*, 135.

31. Fineman, *A Special Relationship*, 182, emphasis added. Fineman cites a personal interview with Lair from which I deduce that "Washington" here means the CIA. Cf. Roger Warner, *Back Fire: The CIA's Secret War in Laos and Its Link to the War in Vietnam* (New York: Simon and Schuster, 1995), 31–32. The date that the BPP school relocated from Lopburi to Hua Hin was 1953.

32. Gareth Porter, *Perils of Dominance: Imbalance of Power and the Road to War in Vietnam* (Berkeley: University of California Press, 2005), 72, citing *FRUS*, *1952–1954*, vol. 13, 981–82.

33. Porter, *Perils of Dominance*, 84, citing *FRUS*, *1952–1954*, vol. 12, 528.

34. Porter, *Perils of Dominance*, 84; cf. Fineman, *A Special Relationship*, 197.

35. Porter, *Perils of Dominance*, 84, citing *FRUS*, *1952–1954*, vol. 12, 613.

36. Fineman, *A Special Relationship*, 247.

37. George Herring, *America's Longest War: The United States and Vietnam, 1950–1975* (New York: Knopf, 1986), 44; Fineman, *A Special Relationship*, 183; *FRUS*, *1952–1954*, vol. 12, pt. 1, 364. According to Sucheng Chang, "The CIA had first heard of the Hmong [in Laos] when Edward Lansdale, one of its agents in Laos, became acquainted with the Hmong and their fighting ability" (Sucheng Chang, ed., *Hmong Means Free: Life in Laos and America* [Philadelphia: Temple University Press, 1994], 29). A 1961 memo from Lansdale to Kennedy's military adviser, General Maxwell Taylor, gives precise information about PARU, the BPP, the "splendid fighting men" of the Meos [Hmong] in Laos, and the "13 PARU teams, totaling 99 men, operating with the Meo guerrillas in Laos" (undated memo, apparently from July 1961, *Pentagon Papers*, Gravel Edition, 2: 643–49).

38. Fineman, *A Special Relationship*, 182.

39. Interview with Bill Lair, 137–39.

40. McCoy, *The Politics of Heroin*, 184.

41. Fineman notes that the United States provided funds for two BPP-administered supplementary programs, a civilian-based Volunteer Defense Corps and a permanent program for schools, clinics, and infrastructure in northern hill tribe villages (Fineman, *A Special Relationship*, 182–83). But these programs fell under Phase I of PSB D-23, Some BPP trainees, however, were taught from the outset to "parachute behind enemy lines" (Lobe, *United States National Security Policy and Aid to the Thailand Police*, 24).

42. Sterling Seagrave and Peggy Seagrave, *Gold Warriors: America's Secret Recovery of Yamashita's Gold* (London: Verso, 2003), 3.

43. Amy B. Zegart, *Flawed by Design: The Evolution of the CIA, JCS, and NSC* (Stanford, CA: Stanford University Press, 1999), 189, citing Christopher Andrew, *For the President's Eyes Only* (New York: HarperCollins, 1995), 172. See also U.S. Congress, Senate, Select Committee to Study Governmental Operations with Respect to Intelligence Activities, *Final Report*, April 26, 1976, 94th Cong., 2nd sess., Senate Report No. 94-755, bk. 4, 28–29.

44. Chalmers Johnson, "The 1955 System and the American Connection: A Bibliographic Introduction," Japan Policy Research Institute, JPRI Working Paper no. 11, July 1995, http://www.jpri.org/publications/workingpapers/wp11.html:

> These issues reentered the news when the *New York Times* published [on October 9, 1994] its "C.I.A. Spent Millions to Support Japanese Right in 50's and 60's," by Tim Weiner, Stephen Engelberg, and James Sterngold. This report did not say anything that had not been strongly suspected earlier, but it quoted some important participants, including Alfred C. Ulmer, Jr., the CIA's operations chief for East Asia from 1955 to 1958; Roger Hilsman, the head of Intelligence and Research at the State Department in the Kennedy and Johnson administrations; and U. Alexis Johnson, American ambassador to Japan from 1966 to 1969. Each acknowledged making or authorizing payoffs to the LDP [Liberal Democratic Party] from 1955 to approximately 1972.

Cf. Tim Weiner, *Legacy of Ashes: The History of the CIA* (New York: Doubleday, 2007), 116–21: this is a watered-down account, alleging wrongly that the CIA connection to Yoshio Kodama (part of the global drug connection and a major source of illicit funds) "was severed" in 1953.

45. Norbert A. Schlei, "Japan's 'M-Fund' Memorandum," January 7, 1991, Japan Policy Research Institute, JPRI Working Paper no.11, July 1995, http://www.jpri.org/publications/workingpapers/wp11.html:

> In the early postwar period, General MacArthur saw that financial aid would be required in order to develop democratic institutions in Japan and to rebuild its devastated economy. Primarily because some of these funds would be used to finance political activity deemed necessary to get democratic forces off to a good start, General MacArthur became convinced that it was essential to establish a secret fund. Such a fund was duly created, utilizing primarily money and property that had been in the possession of the Japanese armed forces at war's end after having been seized during the war in occupied areas such as China, Korea, Taiwan and the Philippines. This wealth, which was turned over to the U.S. at war's end, was not on Japan's books as a nation and was available for use by MacArthur without the need of any public legislative action in the United States.

46. Johnson, "The 1955 System and the American Connection." I have not seen—and Worldcat is not aware of—Hajime Takano, *M-Fund: The Unknown World of Underground Finance*. Cf. Eiji Takemae: "As an academic, it's not a subject about which I can publish" ("On the M-Fund," Japan.Inc, http://www.japaninc.com/article
.php?articleID=1327).

47. Declan Hayes, *The Japanese Disease: Sex and Sleaze in Modern Japan* (Bloomington, IN: iUniverse, 2005), 262. Cf. David E. Kaplan and Alec Dubro, *Yakuza: The Explosive Account of Japan's Criminal Underworld* (Reading, MA: Addison-Wesley, 1986), 68. Both Kodama and the Li Mi KMT troops in Burma were engaged in supplying the CIA with tungsten, a strategic metal then in short supply (Jonathan Marshall, "Opium, Tungsten, and the Search for National Security, 1940–52," in *Drug Control Policy: Essays in Historical and Comparative Perspective*, ed. William O. Walker III [University Park: Pennsylvania State University Press, 1992], 100–104).

48. For the extraordinary story of Schlei's conviction, see *Los Angeles Times*, April 21, 2003; Johnson, "The 1955 System and the American Connection"; Seagrave and Seagrave, *Gold Warriors*, 130–37.

49. As mentioned previously, Corson mentions this as a possible explanation for the Killam murder and CIA "Thai flap" of 1952 (William R. Corson, *The Armies of Ignorance: The Rise of the American Intelligence Empire* [New York: Dial, 1977], 323).

50. Interview with Bill Lair, 137–39.

51. McCoy, *The Politics of Heroin*, 186.

52. Interview with Bill Lair, 139.

53. Darrell Berrigan, "They Smuggle Drugs by the Ton," *Saturday Evening Post*, May 5, 1956, 42, 156–57. Before the tenth session (1955) of the UN Narcotics Commission, the U.S. representative noted that from 200 to 400 tons of opium were imported annually south into Thailand across the Burma–Laos border, of which only 100 tons were consumed in Thailand itself (UN Document E/CN.7/303/Rev. 1, 34). The mule train out of the barely accessible KMT camp must have been impressive. An earlier caravan carrying only six and a half tons required 180 mules (Andrew D. W. Forbes, "The 'Cin-Ho' [Yunnanese Chinese] Caravan Trade with North Thailand during the Late Nineteenth and Early Twentieth Centuries," *Journal of Asian History* 27 [1987]: 25).

54. At the same time, his candid admission in his oral interview that he obtained the reward for seizing forty tons of opium was followed by a less candid explanation: "Sinay [his Thai counterpart] wanted to get married. He said he didn't have enough money, but if we could do that we could make some money on this, see, from the reward. It's always a split according to rank on how much. So, I got money out of it, too, because [*sic*] I never kept any of the things that they ever paid me. What I did was the money that I got out of that I used to buy some mules." Using the reward cited by Berrigan ($1.2 million for a twenty-ton seizure), we can perhaps calculate that Lair's seizure would have earned well over $2 million, enough to pay for a lot more than a wedding and "some mules."

55. "An Interview with Willis Bird Jr," http://www.irrawaddy.org/database/2004/vol12.5/interview.html.

56. Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Chiang Mai: Silkworm Books, 1999), 192; Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 51, 187, 192–93. But Phao's role in the Thai drug economy was short lived compared to that of his banker, Chin Sophonpanich, a leader in the local Chinese Teochew community. According to an informed study, "Chin became Thailand's richest man, the king of banks, and was listed as one of the world's top ten tycoons" ("The Tycoons of Thailand," http://www.geocities.com/wallstreet/district/1193/tycoon.htm).

57. Ross Y. Koen, *The China Lobby in American Politics* (New York: Macmillan, 1960), ix; discussion in Scott, *Drugs, Oil, and War*, 193–94.

58. Other examples include John Newman's *JFK and Vietnam* (New York: Warner Books, 1992), and my own book *The War Conspiracy: The Secret Road to the Second Indochina War* (Indianapolis: Bobbs Merrill, 1972), a copy of which once reportedly sold for $1,400.

59. Fineman, *A Special Relationship*, 214–15, cf. 206.

60. I do not know how much was paid to Helliwell by the Thai government, which was receiving some 15 percent or more of its income from its still licit opium monopoly in addition to the sums, perhaps larger, from the illegal drug traffic. Fineman tells us that

Donovan, after retiring as ambassador was hired by Thailand "as an 'economic advisor' (i.e. lobbyist) . . . they gave him $25,000 for his 'expenses' and, over the remainder of [1955], reportedly added another $75,000" (Fineman, *A Special Relationship*, 206–7). Ever since, there have been scattered reports, usually not investigated, of dubious money from Asia reaching American politicians (as noted in chapter 2). For the noninvestigation of sources like the "Committee of United States Citizens in Asia for Nixon," headed by Chennault's widow Anna Chan Chennault, see Renata Adler, *Canaries in the Mineshaft: Essays on Politics and Media* (New York: St. Martin's Press, 2001), 65–68. For the political contributions in the 1980s from the drug-tainted Pakistani Bank of Credit and Commerce International (BCCI), see chapter 7. For the contributions to Clinton in the 1990s from the BCCI-linked Riadys in Indonesia (the so-called Lippo-gate), see Peter James Rimmer and H. W. Dick, *The City in Southeast Asia: Patterns, Processes and Policy* (Honolulu: University of Hawai'i Press, 2009), 215–16. The Riadys were protégés of the Indonesian godfather Lim Sioe Liong, who in turn had been launched with the assistance of Chin Sophonpanich (Joe Studwell, *Asian Godfathers: Money and Power in Hong Kong and Southeast Asia* [New York: Atlantic Monthly Press, 2007], 95–96).

61. My personal impression is that the CIA may have been paying salaries by 1957, but this does not address the mystery of the 1953–1954 period. In any case, as a nominee of Phao's enemy Sarit Thanarat, Sawai was by no means a neutral observer. In 1957 he attacked Sea Supply and PARU because of his and Sarit's mistaken fears that Phao would use PARU to oppose Sarit's successful ousting of Phao and assumption of power. The CIA used his attack to achieve its goal of severing its overt link to PARU, which had become notorious and unpopular. Sawai was also the cousin of the Laotian prince Phetsarath Ratananavongsa, who became Sarit's and Thailand's principal client in Laos (Fineman, *A Special Relationship*, 186). Many of the actions taken by PARU between 1953 and 1961, which from an American perspective would constitute steps taken to fight "communism," must also have been seen by those controlling the traffic as steps consolidating a new protected channel for opium out of Laos while the Burmese slowly moved to drive the KMT out of Burma.

62. Fineman, *A Special Relationship*, 244–47; cf. interview with Bill Lair, 79–81. We now know that CIA had been withdrawing millions of dollars from U.S. economic aid funds since the beginning of the Marshall Plan in the late 1940s (Weiner, *Legacy of Ashes*, 28–29).

63. As late as 1972, after more than a year of major revelations about the CIA's drug assets in Laos, there was only a single marginal and nonpolitical reference to this in Charles Stevenson's *The End of Nowhere: American Policy toward Laos since 1954* (Boston: Beacon Press, 1972). Stevenson's book was originally a Harvard dissertation for Professor Richard Neustadt.

64. *FRUS*, *1952–1954*, vol. 12, pt. 2, deals with Burma, the Philippines, and Thailand. The CIA was at the center of U.S. foreign policy in all three countries during this period. Yet in this 742-page volume, there are only two passing references to the Central Intelligence Agency (39, 681) and none at all to its operations. This is characteristic of the *FRUS* volumes for 1952–1954, in which the CIA's overthrow of Mossadeq in Iran is not mentioned.

65. For decades academic books by Americans about Thailand were striking in their determination to mention neither opium nor the CIA. See, e.g., David Wyatt's otherwise useful *Thailand: A Short History* (New Haven, CT: Yale University Press, 2003). It may be relevant that "over a thousand books were produced, subsidized or sponsored by the CIA before the end of 1967" and that some of these books were apparently area studies by academics (U.S. Congress, Senate, Select Committee to Study Governmental Operations with Respect to Intelligence Activities, *Final Report*, April 26, 1976, 94th Cong., 2nd sess., Senate Report No. 94-755, bk.1, *Foreign and Military Intelligence*, 453).

66. Fineman, *A Special Relationship*, 183.

67. The biggest Hmong immigration into Thailand was after World War II, when with other hill tribes they started "planting poppies all over Thailand's mountainous northern provinces" (Lintner, *Burma in Revolt*, 118).

68. Fineman, *A Special Relationship*, 183.

69. Castle, *At War in the Shadow of Vietnam*, 36: "Small groups of Lao soldiers had, unofficially, been trained [at U.S. expense] at Thai military bases since 1957."

70. Fineman, *A Special Relationship*, 183. According to Warner, it was among the Hmong ("Meo") of northern Thailand that PARU and Lair first heard of Vang Pao (Warner, *Back Fire*, 32).

71. For a more detailed account of U.S. interventions in 1958–1960, in which CAT played a significant role, see Scott, *Drugs, Oil, and War*, 128–33.

72. William M. Leary, "Foreword," in *Covert Ops: The CIA's Secret War in Laos*, by James E. Parker (New York: St. Martin's Press, 1995), x. Leary's account of "CIA Air Operations in Laos, 1955–1974," is posted on the CIA's website at https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/csi-studies/studies/winter99-00/art7.html.

73. Martin E. Goldstein, *American Policy toward Laos* (Rutherford, NJ: Fairleigh Dickinson University Press, 1973), 135: "In 1956, for example, the United States spent $47.7 million on defense support [for Laos] and only $1 million on technical cooperation."

74. Editorial note, *FRUS, 1958–1960,* vol. 16, 478.

75. Udorn Royal Thai Air Force Base, "Escalation in Laos," http://udornrtafb.tripod.com/id15.html.

76. John Morrocco, *Thunder from Above: Air War, 1941–1968* (Boston: Boston Press, 1984), 10.

77. Lucian R. W. Pye, "Armies in the Process of Political Modernization," in *The Role of the Military in Underdeveloped Countries*, ed. John J. Johnson (Princeton, NJ: Princeton University Press, 1962), 87–89. At the same conference Guy Pauker of RAND urged Indonesian officers present to "strike, sweep their house clean" (224), quoted in Peter Dale Scott, "The United States and the Overthrow of Sukarno, 1965–1967," *Pacific Affairs* 58, no. 2 (Summer 1985): 239–64. Some of those present played important roles in the subsequent Indonesian coup of 1965.

78. Grant Evans, *A Short History of Laos: The Land in Between* (Crows Nest: Allen and Unwin, 2002), 113.

79. Martin Stuart-Fox, *A History of Laos* (Cambridge: Cambridge University Press, 1997), 108. William Leary has written on the CIA's website that "the appearance of the Americans coincided with the outbreak of fighting between the FAR and Pathet Lao." But, as we have seen, the first U.S. troops arrived in March, while the fighting began only some time after May.

80. Stuart-Fox, *A History of Laos*, 104.

81. Paper prepared by Assistant White House Staff Secretary John S. D. Eisenhower, *FRUS, 1958–1960*, vol. 16, 548.

82. Telegram of August 9, 1959, to the State Department, *FRUS, 1958–1960*, vol. 16, 555–56.

83. Dulles briefing to National Security Council, August 6, 1959, *FRUS, 1958–1960*, vol. 16, 553.

84. Bernard Fall, *Street without Joy* (Harrisburg, PA: Stackpole Books, 1964), 334.

85. Bernard Fall, *Anatomy of a Crisis: The Laotian Crisis of 1960–1961* (Garden City, NY: Doubleday, 1969), 115.

86. Hugh Toye, *Laos: Buffer State or Battleground* (London: Oxford University Press, 1968), 126.

87. Leann Grabavoy Almquist, *Joseph Alsop and American Foreign Policy: The Journalist as Advocate* (Lanham, MD: University Press of America, 1993), 9–10, cf. 76.

88. Almquist, *Joseph Alsop and American Foreign Policy*, 57.

89. Almquist, *Joseph Alsop and American Foreign Policy*, 80.

90. Hersh, *The Old Boys*, 307–8, 438.

91. After I published a reference to "Alsop's 'invasion'" in 1970, one of my contacts, probably at the *New York Review of Books*, had a mutual friend ask Alsop about his 1959 scare article. Alsop allegedly replied in effect that he was just a team player trying to help out. Helping whom to achieve what, one wonders.

92. Fall, *Street without Joy*, 334–35; cf. Fall, *Anatomy of a Crisis*, 136; Denis Warner, *The Last Confucian* (New York: Macmillan, 1963), 210.

93. Leary, "Foreword," x.

94. Scott, *The War Conspiracy*, 72. Cf. Leary's further details about the CIA's preparations on the CIA's website: "The summer of 1959 saw the introduction into Laos of a US Special Forces Group, codenamed Hotfoot, under the command of Lt. Col. Arthur 'Bull' Simons. Twelve Mobile Training Teams took up duties at Vientiane, Luang Prabang, Savannekhet, and Pakse. The appearance of the Americans *coincided with the outbreak of fighting between the FAR and Pathet Lao. In light of these developments*, CIA officials in Laos requested additional air transport resources" (William M. Leary, "CIA Air Operations in Laos, 1955–1974," https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/csi-studies/studies/

winter99-00/art7.html, emphasis added).

95. Dulles NSC briefing of December 23, 1959, *FRUS*, *1958–1960*, vol. 16, 491.

96. Stuart-Fox, *A History of Laos*, 109–10.

97. Arthur J. Dommen, *Conflict in Laos: The Politics of Neutralization* (New York: Praeger, 1971), 133; Stuart-Fox, *A History of Laos*, 110–11. Stuart-Fox cites the example of Sam Neua province, where the Pathet Lao was in power, yet their candidate received thirteen votes, while the CDNI's received 6,508.

98. Castle, *At War in the Shadow of Vietnam*, 23. I have shown elsewhere that Eisenhower's approval of the Air America flights, like his earlier approval of the PSB D-23 rollback program, was belated, ratifying flights that had begun months earlier (Scott, *The War Conspiracy*, 78–85, expanding slightly on Scott, *Drugs, Oil, and War*, 133–38).

99. Stuart-Fox, *A History of Laos*, 114.

100. Stuart-Fox, *A History of Laos*, 115.

101. Stuart-Fox, *A History of Laos*, 116. According to Grant Evans, "some 600 people were killed" (*A Short History of Laos*, 119).

102. Warner, *Back Fire*, 32–33 (PARU-trained troops); Castle, *At War in the Shadow of Vietnam*, 38 (PARU technicians). PARU may also have supplied training to the Cambodian Khmer Serai irregulars, recruited in South Vietnam, who according to Wilfred Burchett raided Cambodia from bases in Thailand in 1956 and 1957 (Wilfrid Burchett, *The Second Indochina War*: *Cambodia and Laos* [New York: International Publishers, 1970], 41). By 1959, PARU was training South Vietnamese CIDG irregular troops.

103. Leary, "Foreword," xii.

104. Warner, *Back Fire*, 32–33.

105. According to Hmong sources, General Harry C. Aderholt was also present at the Lair-Vang Pao meeting, which produced a signed agreement with the Hmong on behalf of the U.S. government. See Hmong International Human Rights Watch's Thamkrabok Support Group Proposal Presented before the State Department's Bureau for Population, Refugees, and Migration in Washington, D.C., October 15, 2003, http://www.hmongihrw.org/october_15_2003.htm. So, according to John Prados, was CIA officer Stuart Methven, who had previously contacted the Hmong for political purposes (John Prados, *Lost Crusader: The Secret Wars of CIA Director William Colby* [New York: Oxford University Press, 2003], 97). Prados writes that it was CIA officer Stewart Methven who convinced Vang Pao "over a series of visits . . . to ally with the CIA" (John Prados, *Safe for Democracy: The Secret Wars of the CIA* [Chicago: Ivan R. Dee, 2006], 346). But Tim Weiner agrees with Warner that it was Bill Lair who "discovered" Vang Pao (Weiner, *Legacy of Ashes*, 212). So do Arthur J. Dommen (*The Indochinese Experience of the French and the Americans* [Bloomington: Indiana University Press, 2001], 432) and Keith Quincy (*Harvesting Pa Chay's Wheat: The Hmong and America's Secret War in Laos* [Spokane: Eastern Washington University Press, 2000], 176–77). Cf. finally United States, Central Intelligence Agency, Center for the Study of Intelligence (U.S.), *Studies in Intelligence,* 1999, 77.

106. Interview with Bill Lair, 85; Warner, *Back Fire*, 36–47; cf. McCoy, *The Politics of Heroin*, 308. Citing a personal interview with former Ambassador Leonard Unger, Fineman writes (*A Special Relationship*, 183) that "the CIA, with Thai help" began forming and training Vang Pao's army "around 1958" (i.e., not in 1960 as alleged by Lair, Warner, Weiner, Castle, and McCoy).

107. Fineman, *A Special Relationship*, 184.

108. Warner, *Back Fire*, 377. Starting in 1963, Hmong and PARU troops were also used by Lair in support of Lao neutralist troops under Kong Le. In August 1963, Lair sent in PARU demolition specialists with Hmong to destroy the strategic route N7 linking North Vietnam to the Plaine des Jarres. See Quincy, *Harvesting Pa Chay's Wheat*, chap. 8.

109. *Time*, March 17, 1961; discussion in Scott, *The War Conspiracy*, 78.

110. Stuart-Fox, *A History of Laos*, 116.

111. McCoy, *The Politics of Heroin*, 290, cf. 317–27. McCoy portrays Vang Pao as the personal financier of at least one shipment of heroin refined in a laboratory at Long Tieng, the CIA-Hmong base (284–85, cf. 290–91).

112. Interview with Bill Lair, 58.

113. Fineman, *A Special Relationship*, 133. As noted earlier, their common Thai brother-in-law, Sitthi Savetsila, had been recruited by Bird in 1950 into his "secret committee of leading military and political figures to develop an anticommunist strategy," bypass the U.S. embassy,

and lobby the United States for increased military assistance. The committee also included Phao, Phao's father-in-law Phin Choonhavan, and Sarit. As a result, Sitthi "began his long service as one of Phao's closest aides-de-camp and translator." Later, from 1980 to 1990, Sitthi served as Thailand's foreign minister under General Prem, Thailand's last military ruler (Fineman, *A Special Relationship*, 133).

114. Warner, *Back Fire*, 31; interview with Bill Lair, 67.

115. McCoy, *The Politics of Heroin*, 184. My statement is not intended as a personal innuendo against Lair, who unlike Phao, ended his days without great wealth. I am persuaded of Lair's personal idealism both by the sympathetic portrait of him in Warner and by his own words in his oral history interview, cited previously.

116. I was told years ago by an American from Asia that William and Willis Bird were cousins but have never found further corroboration of it. According to a monograph on C-46 aircraft, "Bird and Sons was a proprietary company of the US Central Intelligence Agency, operating a variety of aircraft, mainly light types, in South-East Asia. . . . In fact Bird & Sons, Inc, a private airline run by William H. Bird, was the aviation division of A Bird and Sons, the San Francisco heavy construction company operating in Vietnam and Laos" (http://www.laoveterans.com/about.html). I can find nothing more about A Bird and Sons. But after retiring from Thailand in the 1970s, William Bird purchased and operated the Hotel Leamington in Oakland, California.

117. McCoy, *The Politics of Heroin*, 569, citing, in part, Scott, *The War Conspiracy*, 207–8; Leary, *Perilous Missions*, 129–31.

118. U.S. Congress, House, Committee on Government Operations, *U.S. Aid Operations in Laos*, House Resolution 546, 86th Cong., 1st sess. (Washington, DC: Government Printing Office, 1959), 2; Goldstein, *American Policy toward Laos*, 186–90.

119. *New York Times*, February 2, 1962. As a poet, I see in this as a metonymy for what was happening to America. Willis Bird's life in Thailand continued undisturbed until his death in 1991—inconvenienced only by his inability to return to the United States. Both the attorney general who had the temerity to indict him and his brother who tried vainly to neutralize Laos were murdered. Meanwhile, in Laos, Bird's brother-in-law, CIA operative James W. ("Bill") Lair, negotiated an agreement with Hmong leader Vang Pao that opened up the Hmong opium areas to Air American flights and drug shipments (William Leary, "CIA Air Operations in Laos, 1955–1974"; http://www.cia.gov/csi/studies/winter99-00/art7.html).

120. Fall, *Anatomy of a Crisis*, 99.

121. Scott, *Drugs, Oil, and War*, 194–95.

122. Kaufman, "Trouble in the Golden Triangle," 450.

123. Kaufman, "Trouble in the Golden Triangle," 451.

124. Kaufman, "Trouble in the Golden Triangle," 452, citing State Department dispatches and telegrams; McCoy, *The Politics of Heroin,* 349.

125. McCoy, *The Politics of Heroin*, 352, citing *New York Times*, August 11, 1971.

126. McCoy, *The Politics of Heroin*, 349; Lintner, *Burma in Revolt*, 235.

127. Lintner, *Burma in Revolt*, 235.

128. Kaufman, "Trouble in the Golden Triangle," 451–53.

129. McCoy, *The Politics of Heroin*, 177.

130. Lintner, *Burma in Revolt*, 234.

131. Tzang Yawnghwe, *The Shan of Burma: Memoirs of a Shan Exile* (Singapore: Institute of Southeast Asian Studies, 1987), 124–49.

132. Lintner, *Burma in Revolt*, 202, citing CIA, Office of Current Intelligence, *Chinese Irregulars in Southeast Asia* (NLK-77-320, July 29, 1961). Victor Kaufman estimates that 2,000 to 3,000 of the irregulars remained in Laos, of which some joined the military (Kaufman, "Trouble in the Golden Triangle," 453).

133. Scott, *Drugs, Oil, and War*, 128–38.

134. Scott, *Drugs, Oil, and War*, 151; Toye, *Laos*, 182. Both the *London Times* (May 16, 1962) and the *New York Times* (May 7, 1962) commented at the time that Phoumi concentrated his troops in Nam Tha, against U.S. advice, "in order to provoke an attack" (Goldstein, *American Policy toward Laos*, 256).

135. Scott, *Drugs, Oil, and War*, 151–52.

136. Scott, *Drugs, Oil, and War*, 151–52, citing *London Times*, May 24, 1962, and May 31, 1962. I agree with McCoy that in this crisis Phoumi used the drug traffic to finance his army (McCoy, *The Politics of Heroin*, 300). I am not convinced that he could at this time have

anticipated profits adequate to make up for the CIA subsidy.

137. Kaiser, *American Tragedy*, 127–30, 135–38; *FRUS, 1961–1963*, vol. 23, 936–39, 968–69. Cf. William Shawcross, "How Tyranny Returned to Thailand," *New York Review of Books*, December 9, 1976, http://www.nybooks.com/articles/8648: "In 1964 the US began to build in Thailand the bases that were essential to the prosecution of the Vietnam war; the country was transformed into 'a land-based aircraft carrier.' The bombing of Vietnam began from Thai bases in 1965; Thai troops (paid by the US) 'volunteered' to fight in Vietnam and Laos."

138. Scott, *The War Conspiracy*, xiii–xiv, 3–41; Scott, *Drugs, Oil, and War*, 109–11, 119–58. For independent corroboration of the role of Laos in leading to the Vietnam War, see Kaiser, *American Tragedy*, 20–35: "Eisenhower's . . . policies left his successor facing an immediate decision between war and peace" (34). But like almost all archival historians, Kaiser underestimates the role of the drug traffic and of the CIA's airline Air America in steering events in Laos; cf. my comments in Scott, *Drugs, Oil, and War*, 13–14.

139. Kaufman, "Trouble in the Golden Triangle," 451.

140. Prados, *Lost Crusader*, 169. Unlike the Hmong, the lowland Lao were devout Buddhists for whom killing under any circumstances was abhorrent. Their American advisers found this quality to be a mark of the Laotians' inferior civilization.

141. Roger Warner, *Shooting at the Moon: The Story of America's Clandestine War in Laos* (South Royalton, VT: Steerforth Press, 1996), 254.

142. Quincy, *Harvesting Pa Chay's Wheat*, 321.

143. Douglas Valentine, *The Strength of the Pack: The People, Politics and Espionage Intrigues That Shaped the DEA* (Springfield, OR: TrineDay, 2009), 77; Douglas Valentine, *The Strength of the Wolf: The Secret History of America's War on Drugs* (London: Verso, 2004), 421–22.

144. Leary, *Perilous Missions*, 81–82.

145. Scott, *Drugs, Oil, and War*, 133–56, 196.

146. *FRUS*, *1958–1960*, vol. 16, 720.

147. *FRUS*, *1958–1960*, vol. 16, 708, 720; Scott, *Drugs, Oil, and War*, 146.

148. *FRUS*, vol. 16, 893.

149. McCoy, *The Politics of Heroin*, 311; Scott, *Drugs, Oil, and War*, 134–35.

150. Scott, *Drugs, Oil, and War*, 131, 135. In addition, the U-2 incident occurred when Eisenhower was artificially isolated outside Washington as part of a rehearsal of "Doomsday" plans for response to a nuclear attack (James Bamford, *Body of Secrets: Anatomy of the Ultra-Secret National Security Agency* [New York: Doubleday, 2001], 49–53).

151. *FRUS, 1958–1960*, vol. 16, 1009; Kaiser, *American Tragedy*, 29–30; Scott, *Drugs, Oil, and War*, 129–37.

152. The same motive was later attributed by CIA pilot Gary Powers to his ill-fated and unprecedented U-2 flight across the entire Soviet Union in 1960 (Scott, *The War Conspiracy*, 87, 112–13, 136).

153. Henrik Krüger, trans. Jerry Meldon, *The Great Heroin Coup—Drugs, Intelligence, and International Fascism* (Boston: South End Press, 1980), 16; cf. Alan A. Block, *Masters of Paradise: Organized Crime and the Internal Revenue Service in the Bahamas* (New Brunswick, NJ: Transaction, 1991), 169–70.

154. Charles J. V. Murphy, "Cuba: The Record Set Straight," *Fortune*, September 1961, 94. Discussion in Scott, *Drugs, Oil, and War*, 136–37; Paul W. Blackstock, *The Strategy of Subversion* (Chicago: Quadrangle Books, 1964), 250.

155. McCoy, *The Politics of Heroin*, 300.

156. Scott, *Drugs, Oil, and War*, 40.

157. Alan A. Block and Constance A. Weaver, *All Is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime* (Westport, CT: Praeger, 2004), 39–44; Scott, *Drugs, Oil, and War*, 61, 67. Castle's parent bank, Mercantile Bank and Trust, was founded by Helliwell in 1962.

158. See chapter 10; see also John K. Cooley, *Unholy Wars: Afghanistan, America, and International Terrorism* (London: Pluto, 1999), 81–161.

159. In addition, there are more than 4 million addicts in Iran, a country with a longer history of addiction.

160. Fineman, *A Special Relationship*, 147–60. Phao "used the CIA to his advantage, while the CIA exploited his willingness to perform operations that served US interests" (Surachart Bamrungsuk, *United States Foreign Policy and Thai Military Rule, 1947–1977* [Bangkok: Editions Duang Kamol, 1988], 62).

161. McCoy, *The Politics of Heroin*, 105–6; Sterling Seagrave, *Lords of the Rim: The Invisible Empire of the Oversea Chinese* (New York: G. P. Putnam's Sons, 1995), chap. 10.

162. McCoy, *The Politics of Heroin*, 162.

163. Bamrungsuk, *United States Foreign Policy and Thai Military Rule, 1947–1977*, 63.

164. Lintner, *Burma in Revolt*, 156.

165. Lintner, *Burma in Revolt*, 157.

166. Catherine Lamour and Michel R. Lamberti, *Les grandes manoeuvres de l'opium* (Paris: Seuil, 1972), 108–11.

167. Lintner, *Burma in Revolt*, 305.

Chapter 5: Laos

1. Tim Weiner, *Legacy of Ashes: The History of the CIA* (New York: Doubleday, 2007), 212, 253–55, 344. Weiner writes that the CIA under Hecksher in the 1950s "installed a new Prime minister, Prince Souvanna Phouma" (212). He actually means Phoumi Nosavan, who briefly overthrew Souvanna Phouma. However Weiner does note that in Thailand Donovan's boost to CIA covert operations was helped by the "Thai national police force, whose commander [Phao Sriyanon, not named] was an opium king" (257).

2. Alfred W. McCoy, *The Politics of Heroin in Southeast Asia* (New York: Harper & Row, 1972), 258–61 (Phoumi and Ouane), 277–81 (Hmong); Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade* (Chicago: Lawrence Hill Books/Chicago Review Press, 2001), 299–302, 317–21. Cf. Roger Warner, *Back Fire: The CIA's Secret War in Laos and Its Link to the War in Vietnam* (New York: Simon and Schuster, 1995), 121, 366–67.

3. McCoy, *The Politics of Heroin in Southeast Asia*, 14, 353; *The Politics of Heroin*, 23, 383.

4. McCoy, *The Politics of Heroin*, 15.

5. Burton Hersh, *The Old Boys* (New York: Scribner's, 1992), 300, citing Penny Lernoux, *In Banks We Trust* (Garden City, NY: Anchor/Doubleday, 1984), 67.

6. McCoy, *The Politics of Heroin in Southeast Asia*, 130. In his 2001 edition, McCoy is much more explicit: "In Washington [actually in Miami] OPC official Paul Helliwell, a lawyer, formed the Sea Supply Corporation to mask the arms shipments" [to Li Mi's drug-trafficking troops in Burma] (168). I assume that McCoy's sources in the 1970s never mentioned Helliwell to him, but I had already identified Helliwell and Sea Supply in my own book, *The War Conspiracy*, which appeared a few months before McCoy's ("Sea Supply Inc. was organized in Miami, Florida, where its counsel, Paul L. E. Helliwell, doubled after 1951 as the counsel for the C.V. Starr insurance interests, and also as Thai consul in Miami"; *The War Conspiracy* [Indianapolis: Bobbs-Merrill, 1972], 210).

7. "An Interview with Alfred W. McCoy," Education Forum, http://educationforum.ipbhost.com/index.php?showtopic=6941&pid=63550&mode=threaded&start=#entry63550, emphasis added.

8. James Mills, *The Underground Empire: Where Crime and Government Embrace* (New York: Dell, 1986), 1142–43; cf. 727, 731.

9. Douglas Valentine, *The Strength of the Pack: The People, Politics and Espionage Intrigues That Shaped the DEA* (Springfield, OR: TrineDay, 2009), 94; cf. Douglas Valentine, *The Strength of the Wolf: The Secret History of America's War on Drugs* (London: Verso, 2004), 332–34.

10. Valentine, *The Strength of the Pack*, 73.

11. Valentine, *The Strength of the Pack*, 164; McCoy, *The Politics of Heroin*, 199, 212. One cannot be surprised that some Americans on the scene, witnessing the protected flow of drugs, subsequently enriched themselves from Southeast Asian heroin. Two notable examples are Bernard Houghton and Michael Hand, who moved to Australia and helped found the major drug-trafficking Nugan Hand Bank. Other veterans of covert operations in the area, such as former Bangkok CIA Chief Robert Jantzen, joined them there. Still other veterans engaged in business with the bank, including Theodore Shackley, once the CIA station chief in Laos, and his associate Thomas Clines, once chief of the CIA base with Vang Pao at Long Cheng. See Alfred W. McCoy, *Drug Traffic: Narcotics and Organized Crime in Australia* (Sydney: Harper and Row, 1980); Jonathan Kwitny, *The Crimes of Patriots* (New York: Norton, 1987).

12. Valentine, *The Strength of the Pack*, 77. He describes Nam Yu as the site of the CIA's

"Strategic Intelligence Network 118A," where CIA officer William Young had inserted two Lahu tribesmen into KMT caravans penetrating China. Cf. Valentine, *The Strength of the Wolf*, 420–22; McCoy, *The Politics of Heroin*, 335–37.

13. "Lima Sites," LaoVeterans.com, http://www.laoveterans.com/about.html; Lao Trip Report, May 5–13, 2008, Thailand-Laos-Cambodia Brotherhood Organization, http://www.tlc-brotherhood.org/Assistance/Laos%20Assistance%20Reports/May%205%20may%202008.htm.

14. McCoy, *The Politics of Heroin*, 337.

15. William Leary, "The Death of a Legend," http://www.air-america.org/In_Remembrance/poe.shtml. Poe's superior at Sea Supply, Joost's successor Walter Kuzmak, was a longtime close friend of Howard Hunt; he testified on Hunt's behalf when Hunt sued a newspaper for saying that he had been in Dallas on the day that John F. Kennedy was assassinated (Lisa Pease, "James Angleton Part II," in *The Assassinations*, ed. James DiEugenio, Lisa Pease, Judge Joe Brown, and Zachary Sklar [Los Angeles: Feral House, 2003], 196). Kuzmak had been airdropped on an OSS mission into Thailand in July 1945 at a time when Hunt was at the OSS station in Kunming (E. Bruce Reynolds, *Thailand's Secret War: The Free Thai, OSS, and SOE during World War II* [Cambridge: Cambridge University Press, 2005], 360).

16. Valentine, *The Strength of the Pack*, 170.

17. Valentine, *The Strength of the Pack*, 388, citing interview with Tony Poe and Albert Habib Memorandum Report, FBN, January 27, 1966, cf. 77, 170; Valentine, *The Strength of the Wolf*, 422.

18. Roger Warner, *Shooting at the Moon: The Story of America's Clandestine War in Laos* (South Royalton, VT: Steerforth Press, 1996), 264.

19. McCoy, *The Politics of Heroin*, 296–97.

20. Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Chiang Mai: Silkworm Books, 1999), 235–36.

21. McCoy, *The Politics of Heroin*, 440, 455. In 1993, Wei Xuekang, relocated to Burma, was indicted in New Jersey and later convicted in absentia for a shipment of 680 kilograms (a ton and a third) of heroin (*Bangkok Post*, June 27, 1999; *Nation* [Bangkok], September 9, 2003). Seven years later it was reported that he had become a banker by purchasing 80 percent of the Yangon-based May Flower Bank (*Asian Economic News*, July 24, 2000).

22. Martin Booth, *Dragon Syndicates: The Global Phenomenon of the Triads* (New York: Carroll and Graf, 1999), 175, 177, 179; cf. McCoy, *The Politics of Heroin*, 279, 399–401, 405–8.

23. Lintner, *Burma in Revolt*, 310–11. Ma Sik-yu died in Taiwan in 1992. Cf. McCoy, *The Politics of Heroin*, 405–6: "Shortly after the Ma brothers' flight from Hong Kong in 1977, the Hong Kong *Star* cited DEA sources to report that 'suspected syndicate boss Ma Sik-yu was deeply involved with a network that spied on China for Taiwan.' . . . Citing sources in the colony's Investigation Bureau, the *Star* further claimed that agents of the People's Republic of China 'played a big part in giving Hong Kong police evidence to smash the alleged syndicate, which led to the arrest of ten in Hong Kong and Ma Sik-yu in Taiwan.'"

24. *Independent*, January 20, 1998, http://www.mapinc.org/drugnews/v98.n058.a10.html: "According to the reports, which were accompanied by a picture of Mr Ma's son with John Major, the payment was made in an effort to smooth Ma senior's return to Hong Kong from Taiwan, where he has lived as a fugitive since 1978. Three months after the donation was made, Ma Ching-kwan, Mr Ma's son, was invited to dine with Mr Major at Downing Street. The Oriental Daily News published a copy of the invitation and the menu—cucumber and tarragon soup, roast lamb with rosemary and orange and caramelised lemon tart. . . . Last night the Conservative Party refused to discuss individual donors but a spokesman said donations were never accepted with conditions attached. 'We will categorically say that the Conservative Party did not or would not accept donations conditional on favours,' the spokesman said. . . . Mr Major's office said he was in the United States yesterday and, therefore, not available to explain why CK Ma's presence at Downing Street on 27 September 1994 was not listed at the time as one of the former Prime Minister's official engagements."

25. Alain Labrousse, *La drogue, l'argent et les armes* (Paris: Fayard, 1991), 240–44.

26. Mark Jacobson, "The Return of Superfly," *New York Magazine*, August 2000, http://nymag.com/nymetro/news/people/features/3649. Cf. http://www.wanttoknow.info/militarysmuggledheroin.

27. Valentine, *The Strength of the Pack*, 171; cf. 103.

28. Michael Levine, "Mainstream Media: The Drug War's Shills," in *Into the Buzzsaw: Leading Journalists Expose the Myth of a Free Press*, ed. Borjesson (Amherst, NY: Prometheus Books, 2002), 261–64.

29. William J. Chambliss, *On the Take: From Petty Crooks to Presidents* (Bloomington: Indiana University Press, 1988), 153.

30. Joseph J. Trento, *The Secret History of the CIA* (New York: Random House/Forum, 2001), 345.

31. FBI document 92-2781-1276, April 24, 1968; NSA #124-10197-10282, http://www.maryferrell.org/mffweb/archive/viewer/showDoc.do?docId=89707&relPageId=2; FBI document 92-2781-1262, February 16, 1968; NSA #124-10205-10242, http://www.maryferrell.org/mffweb/archive/viewer/showDoc.do?docId=128895&relPageId=2 (Roselli).

32. McCoy, *The Politics of Heroin*, 253.

33. Inspector-General's Report on CIA Plots to Assassinate Fidel Castro, NARA #104-10213-10101, 58; cf. David Corn, *Blond Ghost: Ted Shackley and the CIA's Crusades* (New York: Simon and Schuster, 1994), 67. Corn writes that Harvey passed the keys to Roselli personally, but the CIA records indicate that Roselli, like Harvey and Shackley, was only there as an observer along with O'Connell and was unaware that Harvey and Shackley were also present.

34. House Select Committee on Assassinations, *Report*, 173; Peter Dale Scott, *Deep Politics II: The New Revelations in U.S. Government Files, 1994–1995* (Ipswich, MA: Mary Ferrell Foundation Press, 2007), 59–63.

35. Full disclosure: In 1987, I wrote the following: "The Christic suit charges that Shackley facilitated arrangements to sell opium from the Laotian guerrillas to Santo Trafficante, and that 'in return, Shackley's organization received a fixed percentage of the income'" (Jonathan Marshall, Peter Dale Scott, and Jane Hunter, *The Iran-Contra Connection: Secret Teams and Covert Operations in the Reagan Era* [Boston: South End Press, 1987], 36). I now believe that on this point the Christic suit affidavit was unfounded and its author misinformed or disinformed by his CIA source.

36. David Talbot, *Brothers: The Hidden History of the Kennedy Years* (New York: Free Press, 2007), 109.

37. Corn, *Blond Ghost*, 85. Ed Wilson told Joseph Trento that Morales "would do anything for Shackley—from blowing up a radio tower in the Dominican Republic to paying off the drug lords. He was totally devoted to Shackley" (Trento, *The Secret History of the CIA*, 344).

38. Long after 1963, Morales remarked to a Harvard-trained lawyer, Robert Walton, in the presence of a third witness: "Well, we took care of that son of a bitch, didn't we?" (Lamar Waldron with Thom Hartmann, *Ultimate Sacrifice: John and Robert Kennedy, the Plan for a Coup in Cuba, and the Murder of JFK* [New York: Carroll and Graf, 2006], 766–67, 808, 818–19; Gaeton Fonzi, *The Last Investigation* [New York: Thunder's Mouth Press, 1993], 383–90). Walton later told BBC reporter Shane Sullivan on camera that "Morales told him 'I was in Dallas when I, when we got that mother fucker [JFK], and I was in Los Angeles when we got the little bastard [RFK]" (Talbot, *Brothers*, 399). I should make it clear that I attach little or no evidentiary value to the content of Ragano's and Morales's alleged remarks. Like comparable statements from Howard Hunt, David Phillips, and John Martino, they may well be disinformation, like the aluminum chaff released by bombers to produce false echoes on enemy radar. What remains of interest is that all five of these men were associated with Shackley's CIA station in Miami, and all five, in one way or another, were personally connected to the CIA's global drug connection.

39. Theodore Shackley with Richard A. Finney, *Spymaster: My Life in the CIA* (Dulles, VA: Potomac Books, 2005), 281.

40. John Prados, *Lost Crusader: The Secret Wars of CIA Director William Colby* (New York: Oxford University Press, 2003), 165.

41. Corn, *Blond Ghost*, 96. It may or may not be pertinent that Shackley's first overseas service in CIA was under Lucien Conein, who as an OSS officer in World War II "had some experiences in common with many of Saigon's Corsican gangsters" (McCoy, *The Politics of Heroin*, 249).

42. Joseph J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* (New York: Carroll and Graf, 2005), 213.

43. Susan Lynn Marquis, *Unconventional Warfare: Rebuilding U.S. Special Operations Forces* (Washington, DC: Brookings Institution Press, 1997),156. Stilwell was serving in the Office of the Secretary of Defense as deputy undersecretary for policy.

44. McCoy, *The Politics of Heroin*, 361. Trento writes that Colby had earlier sent emissaries to Khun Sa "to see if he would join with the other armies in fighting the Pathet Lao. After he refused, Shackley orchestrated a media attack . . . and painted the Burmese warlord as the biggest heroin dealer in the world" (Trento, *Prelude to Terror*, 32).

45. Valentine, *The Strength of the Wolf*, 427. As redacted in his new book, *The Strength of the Pack*, Valentine's paragraph, with no additional evidence, ends more tendentiously: "The battle ended with Khun Sa and the KMT in retreat *and the CIA in control of the opium trade*, as it was conducted by Vang Pao and numerous Laotian political and military officials" (333). A more sympathetic account would acknowledge that the CIA was trying to foster a capitalist Laos with a capitalist ruling class, where the only obvious source of capital was, inevitably, opium.

46. Shackley, *Spymaster*, 208–9.

47. Prados, *Lost Crusader*, 168.

48. McCoy, *The Politics of Heroin*, 318, citing interviews with the president of Xieng Khouang Air Transport, a former USAID official, and high-ranking Hmong officials, 1971. Cf. Shackley, *Spymaster*, 182: "Lair also had visions of the Hmong having their own civil air transport. I supported that endeavor, and it resulted in our helping Vang Pao to set up Xieng Khouang Air Transport with an old DC-3."

49. Curtis Peebles, *Twilight Warriors: Covert Air Operations against the USSR* (Annapolis, MD: Naval Institute Press, 2005), 255.

50. See, e.g., William J. Chambliss, *On the Take: From Petty Crooks to Presidents* (Bloomington: Indiana University Press, 1988), 186–89.

51. McCoy, *The Politics of Heroin*, 15.

52. Trento, *Prelude to Terror*, 38.

53. Trento, *Prelude to Terror*, 33.

54. Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* (Boston: Houghton Mifflin, 1992), 130; U.S. District Court, Southern District of Texas, *United States of America vs. Edwin Paul Wilson*, Criminal Case H-82-139. Interestingly, Wilson, in 1968, while still a CIA staff agent under commercial cover, filed a report outlining his "limited" contacts with Edward K. Moss, a CIA–mob go-between to be discussed in chapter 7 (Memo of 14 May 1973 from Jerry G. Brown to Deputy Chief, Security Research Staff, CIA, NARA Record #104-10122-10376).

55. Scott Armstrong and Jeff Nason, *Mother Jones*, November–December 1991, quoted in Truell and Gurwin, *False Profits*, 130.

56. McCoy, *The Politics of Heroin* (1991), 471–72, 477. Cf. Corn, *Blond Ghost*, 328, 356; Christopher Robbins, *The Ravens: The Men Who Flew in the CIA's Secret War in Laos* (New York: Crown, 1987), 131. The complex Shackley–Wilson story lends credibility to the thesis of Joe Trento that, when Jimmy Carter was elected with the promise to rein in the CIA, Shackley took steps to "create a totally private intelligence network using CIA assets" (Trento, *Prelude to Terror*, 113–14).

57. Jonathan Kwitny, *The Crimes of Patriots* (New York: Norton, 1987), 291–92, 317, 385. In 1983 the Australian Joint Task Force on Drug Trafficking released a report on Nugan Hand's activities to Parliament that said that Shackley, Secord, Clines, [Rafael] Quintero, and Wilson were people whose background "is relevant to a proper understanding of the activities of the Nugan Hand group and the people associated with that group" (Joel Bainerman, *The Crimes of a President* [New York: S.P.I. Books, 1992], 75).

58. McCoy, *The Politics of Heroin*, 476, citing Australia-New South Wales Joint Task Force, *Report, Volume 4: Nugan Hand*, 747–48.

59. Report of the Congressional Committees Investigating the Iran/Contra Affair, 50, 74, 164. Cf. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics* (Berkeley: University of California Press, 1998), 134, 139.

60. Thomas Goltz, *Azerbaijan Diary: A Rogue Reporter's Adventures in an Oil-Rich, War-Torn, Post-Soviet Republic* (Armonk, NY: M. E. Sharpe, 1999), 272–75. Richard Secord was allegedly attempting also to sell Israeli arms with the assistance of Israeli agent David Kimche, another associate of Oliver North. The mujahideen were recruited in Afghanistan by the drug trafficker Gulbuddin Hekmatyar, the leading recipient of CIA assistance in Afghanistan in the

1980s and most recently a leader of the al-Qaeda–Taliban resistance to the United States and its client there, Hamid Karzai. See Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 7, 8, 20.

61. John K. Cooley, *Unholy Wars: Afghanistan, America, and International Terrorism* (London: Pluto, 1999), 180–81.

62. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 163–65.

63. Lintner, *Burma in Revolt*, 305; McCoy, *The Politics of Heroin*, 363. Khun Sa died in 2007, but American tourists now flock to the hotel and casino run by his son near the Thai–Burmese–Laotian border (Bertil Lintner, *Asia Times*, November 1, 2007).

64. Lintner, *Burma in Revolt*, 304. Lintner also reports that after the fierce battle, "soldiers from both sides were treated at hospitals in Chiang Rai [Thailand], where they often ended up in the same wards, chatting with each other and sharing cigarettes."

65. McCoy, *The Politics of Heroin*, 382–83.

66. Lintner writes of a second Thai road built with USAID assistance that directly benefited Khun Sa (Lintner, *Burma in Revolt*, 179). Cf. William Stevenson, *The Revolutionary King: The True-Life Sequel to* The King and I (London: Constable and Robinson, 2001), 218–19.

Chapter 6: The War on Drugs in Asia

1. Alfred McCoy, *Drug Traffic: Narcotics and Organised Crime in Australia* (Harper and Row, 1980), 30.

2. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics* (Berkeley: University of California Press, 1998), x–xi. Dayle made this statement during a videotaped teleconference in the presence of Marshall and myself.

3. Michael Levine, "Mainstream Media: The Drug War's Shills," in *Into the Buzzsaw: Leading Journalists Expose the Myth of a Free Press*, ed. Christine Borjesson (Amherst, NY: Prometheus Books, 2002), 258.

4. In addition, the DEA spends millions each year on an education program, the first of whose priorities, according to its own Budget Summary, is "Anti-Legalization Education" (Office of National Drug Control Policy, http://www.ncjrs.gov/ondcppubs/publications/policy/budget98/agency-09f.html).

5. Levine, "Mainstream Media," 265.

6. Douglas Valentine, *The Strength of the Pack: The People, Politics and Espionage Intrigues That Shaped the DEA* (Springfield, OR: TrineDay, 2009), xi–xii. Full disclosure: Both Levine and Valentine are friends, and I blurbed Valentine's important book.

7. Richard Lawrence Miller, *Drug Warriors and Their Prey: From Police Power to Police State* (Westport, CT: Praeger, 1996), 158–59; Edward J. Epstein, *Agency of Fear: Opiates and Political Power in America* (New York: G. P. Putnam's, 1977), 165–66.

8. Valentine, *Strength of the Pack*, 6–8, 32–36. Cf. the stories of James Ludlum and John Cusack later in this chapter.

9. Epstein, *Agency of Fear*, 83.

10. The *New York Times Encyclopedic Almanac*, 1972, 29: "As a result of Operation Intercept, the federal attempt to restrict the flow of marijuana from Mexico, heroin sales have jumped among children in New York city, a joint legislative committee is told"; Humberto Fernandez, *Heroin* (Center City, MN: Hazelden, 1998), 214: "In response to the shortage of marijuana, which was either seized or delayed due to Operation Intercept, an increase in heroin smuggling was noticed in southern California and as far north as San Francisco during this time." These reports are discounted by Eric C. Schneider, who writes that Operation Intercept "lasted a mere twenty days, not long enough to have an impact on anything except Mexican-American relations" (*Smack: Heroin and the American City* [Philadelphia: University of Pennsylvania Press, 2008], 148). But heroin is such an addictive drug that even a brief introduction to it may have lasting consequences.

11. Epstein, *Agency of Fear*, 84.

12. *BNDD Bulletin*, September–October, 1970; quoted in Scott and Marshall, *Cocaine Politics*, 26.

13. Warren Hinckle and William Turner, *Deadly Secrets: The CIA-Mafia War against Castro*

and the Assassination of JFK (New York: Thunder's Mouth Press, 1992), 373.

14. Scott and Marshall, *Cocaine Politics*, 26.

15. When Juan Restoy, one of those arrested, "subsequently broke out of jail and was killed in a shoot-out, Little Havana [in Miami] buzzed with a rumor that he had been set up and executed by a CIA execution squad to prevent his testifying about agency involvement in the narcotics traffic" (Hinckle and Turner, *Deadly Secrets*, 373).

16. Len Colodny and Tom Schachtman, *The Forty Years' War: The Rise and Fall of the Neocons, from Nixon to Obama* (New York: Harper, 2009), 20.

17. *New York Times*, February 1, 1970; Peter Dale Scott, Paul L. Hoch, and Russell Stetler, *The Assassinations: Dallas and Beyond* (New York: Random House/Vintage, 1976), 371.

18. Alfred W. McCoy, *The Politics of Heroin* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), 341, citing *Washington Post*, August 6, 1971.

19. Epstein, *Agency of Fear*, 86–87. At the time, Epstein pointed out, the CIA estimated that Turkey produced only from 3 to 8 percent of the world's illicit opium. However, "Turkey was assumed to be the most convenient and proximate source for the European heroin wholesalers."

20. Epstein, *Agency of Fear*, 86.

21. Epstein, *Agency of Fear*, 87.

22. Valentine, *The Strength of the Pack*, 45, summarizing Ludlum's reading from his own notes of an "implementation" meeting on November 3, 1969.

23. Drugs in Lebanon were channeled largely through the Casino de Liban, where Marcel Paul Francisci was the gambling concessionaire. The casino was controlled by Yousef Beidas through the Bank Intra, which the criminal financier Robert Vesco tried but failed to take over after the death of its owner Yousef Beidas (Arthur Herzog, *Vesco: From Wall Street to Castro's Cuba* [New York: Doubleday, 1987], 150). No one has ever satisfactorily explained Vesco's mysterious connections to Nixon, his nephew Don Nixon, Nixon's aide Richard Allen, Attorney General John Mitchell, and the CIA. See, e.g., James Rosen, *The Strong Man: John Mitchell and the Secrets of Watergate* (New York: Doubleday, 2008), 228.

24. McCoy, *The Politics of Heroin*, 381.

25. Jussi Hanhimäki, *The Flawed Architect: Henry Kissinger and American Foreign Policy* (Oxford: Oxford University Press, 2004), 90; *Time*, March 9, 1970.

26. Valentine, *The Strength of the Pack*, 53.

27. Valentine, *The Strength of the Pack*, 88.

28. Epstein, *Agency of Fear*, 92, cf. 310–11. Cf. also Valentine, *The Strength of the Pack*, 46, quoting James Ludlum: Turkish "enforcement was weak, and the whole Turkish program eventually failed." This foreseeable failure raises the possibility that the $35 million was at least partly with some other goal in mind. Kissinger was simultaneously working out a deal to use Turkey as a third party to evade congressional prohibitions on aid to Pakistan (Hanhimäki, *The Flawed Architect*, 181). Negotiations with the Turks began in 1970, at a time of political chaos in Turkey resembling that in Paris two years earlier. In this crisis the CIA station chief was Duane ("Dewey") Clarridge, who worked closely with Counter-Guerrilla (the Turkish version of Gladio), and through Counter-Guerrilla, Martin Lee has associated Clarridge with the "armed bands of Grey Wolves [who] unleashed a wave of bombings and political assassinations that culminated in a coup in [March 1971]. . . . At the same time, members of the Grey Wolves were immersed in the international drug trade" (Martin A. Lee, *The Beast Reawakens* [Boston: Little, Brown, 1997], 202). Years later Turkish Defense Minister Hasan Esat Isik "harshly criticized the subversion of Turkish sovereignty through the U.S.-sponsored Counter-Guerrilla: 'The idea came from the United States. The financing as well'" (Daniele Ganser, *NATO's Secret Armies: Operation Gladio and Terrorism in Western Europe* [London: Frank Cass, 2005], 233).

29. One of Liddy's assistants on heroin matters, Gordon Minnick, toured the Golden Triangle and came back (according to Howard Hunt) "with a report that the White House found very disturbing" (E. Howard Hunt deposition, House Select Committee on Assassinations, November 3, 1978, RIF#180-10131-10342, http://www .aarclibrary.org/publib/jfk/hsca/secclass/pdf/Hunt_11-3-78.pdf, 35).

30. McCoy, *The Politics of Heroin*, 284–85, citing interview with BNDD agent, November 18, 1971.

31. *New York Times*, June 6, 1971; McCoy, *The Politics of Heroin*, 288.

32. *New York Times*, July 8, 1971.

33. For the case of Puttaporn Khramkhruan, see Valentine, *The Strength of the Pack*, 254–56; David Corn, *Blond Ghost: Ted Shackley and the CIA's Crusades* (New York: Simon and Schuster, 1994), 300.

34. McCoy, *The Politics of Heroin*, 410–14.

35. Egil Krogh, the White House liaison with the BNDD, later went to jail for his role in overseeing the break-in by the so-called White House Plumbers into the office of Daniel Ellsberg's psychiatrist. Krogh is described by Len Colodny as "a lawyer with a CIA background. . . . Krogh . . . had worked for Ehrlichman's firm in Seattle before joining the White House, but he had previously been involved with the CIA in Vietnam. Krogh bragged to Ehrlichman that he had hand-carried gold for the CIA to Vietnam. Ehrlichman and Haldeman later came to believe that Krogh maintained ties to the Agency even during his time at the White House. Neither allegation was ever proven" (Colodny and Schachtman, *The Forty Years' War*, 101, 113).

36. Jeremy Kuzmarov, "From Counter-Insurgency to Narco-Insurgency: Vietnam and the International War on Drugs," *Journal of Policy History* 20, no. 3 (2008): 358–59, citing many sources, including *Southeast Asian Narcotics*, Hearings before the Select Committee on Narcotics Abuse and Control, House of Representatives, 95th Cong., 1st sess., July 12–13, 1977 (Washington, DC: Government Printing Office, 1978), 2–3. See also Surachert Bamrungsuk, *U.S. Foreign Policy and Thai Military Rule, 1947–1977* (Bangkok: Editions Duangkamol, 1988).

37. I have read but have not been able to verify that often the tribes selected for this treatment were those not paying off the Thai police and BPP.

38. Jim Glassman, *Thailand at the Margins: Internationalization of the State and the Transformation of Labour* (New York: Oxford University Press, 2004), 67–68: "Red Gaur groups were controlled by General Withoon Yasawat, a former leader of CIA-hired Thai mercenary forces in Laos, and General Chatchai Choonhavan, son of Phin, brother-in-law of Phao, and later Prime Minister."

39. William Shawcross, "How Tyranny Returned to Thailand," *New York Review of Books*, December 9, 1976.

40. Chris Baker and Phasut Phongphaichit, *A History of Thailand* (Cambridge: Cambridge University Press, 2005), 194–95; cf. Handley, *The King Never Smiles*, 235–36: "After a free-fire order was issued by the Bangkok police chief, the campus was stormed like an enemy army's redoubt, with the . . . BPP troops in front." This propaganda campaign built on earlier false reports in 1975, when Colby was still CIA chief (Handley, *The King Never Smiles*, 226). Still earlier, in the 1950s, "the CIA and the U.S. Information Service [were] manufacturing fake communist tracts in Thai that attacked the monarchy" (Handley, *The King Never Smiles*, 124).

41. Robert Harris, *Political Corruption in and beyond the Nation State* (London: Routledge, 2003), 181.

42. "The Murky Events of October 1973: A Book Proposal Reopens Thailand's wounds," *AsiaWeek*, February 3, 2000; http://www.asiaweek.com/asiaweek/magazine/2000/0128/as.thai.history1.html). See also Benedict Anderson, "Withdrawal Symptoms," *Bulletin of Concerned Asian Scholars* 9, no. 3 (1977), in Benedict Anderson, *The Spectre of Comparisons* (London: Verso, 1998), 139–73.

43. Handley, *The King Never Smiles*, 229.

44. Handley, *The King Never Smiles*, 226. Cf. Shawcross, "How Tyranny Returned to Thailand": "When the Thai foreign minister visited Hanoi in August [1976] the army disrupted his visit by provoking simultaneous attacks upon thousands of Thailand's Vietnamese residents."

45. K. J. Clymer, *The United States and Cambodia* (London: Routledge, 2004), 22.

46. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 174, 182–83, citing, inter alia, Wilfred Burchett, *The Second Indochina War: Cambodia and Laos* (New York: International Publishers, 1970), 65.

47. See Peter Dale Scott, "Drugs and Oil: The Deep Politics of US Asian Wars," in *War and State Terrorism: The United States, Japan, and the Asia-Pacific in the Long Twentieth Century*, ed. Mark Selden and Alvin Y. So (Lanham, MD: Rowman & Littlefield, 2003), 171–98.

48. Michael Leifer, *Dictionary of the Modern Politics of Southeast Asia* (London: Routledge, 1995), 94: "With the onset of the Cambodian conflict [in 1979], the Thai Communists were driven out of sanctuaries in Laos and their cause was sacrificed by China to the need to align

with Thailand to challenge Vietnam's occupation of Cambodia. From that juncture, the Thai Communist movement began to collapse until it had ceased to exist as a viable entity by the end of the Cold War." Cf. Baker, *A History of Thailand*, 216–20.

49. Bertil Lintner, "Heroin and Highland Insurgency in the Golden Triangle," in *War on Drugs: Studies in the Failure of U.S. Narcotics Policy*, ed. Alfred W. McCoy and Alan A. Block (Boulder, CO: Westview Press, 1992), 296. Cf. Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Chiang Mai: Silkworm Books, 1999), 278. McCoy, relying on USG data, disagrees tacitly with Lintner and claims that while Nelson Gross's statement "was pure media hyperbole, Lo [Hsing-han] had in fact become the largest single opium merchant in the Shan states" (McCoy, *The Politics of Heroin*, 424). But Adrian Cowell, a British filmmaker who spent time first with Lo Hsing Han and later with Khun Sa, agrees with Lintner that Lo Hsing Han "was by no means one of the biggest sort of merchants in the business" (Adrian Cowell, *Frontline*, 1977, PBS, http://www.pbs.org/wgbh/pages/frontline/shows/heroin/interviews/cowell.html).

50. Valentine, *The Strength of the Pack*, 173–74.

51. Lintner, *Burma in Revolt*, 279–81; cf. Cowell, *Frontline*.

52. *San Francisco Chronicle*, July 20, 1973, 18.

53. Epstein, *Agency of Fear*, 161; James Mills, *The Underground Empire: Where Crime and Government Embrace* (New York: Dell, 1986), 777 (two-thirds). Cf. *Foreign Relations of the United States, 1969–1976* (hereinafter *FRUS*) (Washington, DC: Government Printing Office), vol. 20, 328–30, Memorandum of February 29, 1972, from the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger). Egil Krogh, chairman of the White House Committee on International Narcotics Control, also traveled to the Far East and bought out heroin labs in the Golden Triangle (Epstein, *Agency of Fear*, 237; Russ Baker, *Family of Secrets: The Bush Dynasty, the Powerful Forces That Put It in the White House, and What Their Influence Means for America* [New York: Bloomsbury Press, 2009], 225–26).

54. Valentine, *The Strength of the Pack*, 172–73. There is partially declassified discussion of the proposal in *FRUS*, *1969–1976*, vol. 20, 286, 297–98.

55. Valentine, *The Strength of the Pack*, 174, citing correspondence with Fred Dick.

56. Valentine, *The Strength of the Pack*, 174; cf. 399; Lintner, *Burma in Revolt*, 179.

57. Valentine, *The Strength of the Pack*, 172.

58. Lintner, *Burma in Revolt*, 313–14. James Mills hoped to fly up from Chiang Mai in a Thai helicopter to meet Khun Sa, but the project was eventually vetoed not by Khun Sa but by the DEA regional director in Chiang Mai (Mills, *The Underground Empire*, 778–79, 786–88).

59. Mills, *The Underground Empire*, 787. One of Khun Sa's many Western interviewers, Edith Mirante, wrote later that "Khun Sa was widely known to spend time in Chiang Mai and even occasionally visit his wife in Bangkok, but he was coyly going along with the Thai fiction that he was a wanted man with a price on his head" (Edith T. Mirante, *Burmese Looking Glass: A Human Rights Adventure and a Jungle Revolution* [New York: Grove Press, 1993], 170).

60. Francis Belanger, *Drugs, the U.S., and Khun Sa* (Bangkok: Editions Duang Kamol, 1989, 102–4); cf. Mills, *Underground Empire*, 1071–72; Lintner, *Burma in Revolt*, 321–23; McCoy, *The Politics of Heroin*, 418–21. Before the attack, Khun Sa "initiated terrorist missions against American officials in northern Thailand. Following Khun Sa's directives, two CIA agents were killed, a move that proved to be a big mistake. Families of U.S. officials were evacuated from the northern provinces to Bangkok for their protection, and the war against Khun Sa was stepped up dramatically. . . . In a few weeks [after the attack], things were back to normal for Khun Sa. When interrupted to ask why he had ordered the killings of Westerners, he replied, "Because they turned on me," he shouted. "At one time, they were my partners—them, the DEA and the CIA, both" (Belanger, *Drugs, the U.S., and Khun Sa*, 102–4).

61. James Gritz, *A Nation Betrayed* (Boulder City, NV: Lazarus, 1989), 86, quoted in Lintner, *Burma in Revolt*, 379. (Route 1285 can be seen on Google Maps.) Gritz's detailed account is erratic and unreliable, but Lintner, who was present at the time on the Thai side of the border, assures me that his overall picture is accurate. Cf. Belanger, *Drugs, the U.S., and Khun Sa*, 108–9: "The road, capable of accommodating 10-ton trucks, was ironically built by the Thai Government with manpower, time, and materials financed by U.S. taxpayers' money allocated to drug suppression funds."

62. Khun Sa fared far better in Burma after 1982, when he ceased to be subordinate to the KMT generals and began to dominate the market himself.

63. Lintner, *Burma in Revolt*, 392.

64. Alfred W. McCoy, "Lord of Druglords: One Life as Lesson for US Drug Policy," *Crime, Law, and Social Change*, November 1998, 309.

65. Lintner, *Burma in Revolt*, 392.

66. Mirante, *Burmese Looking Glass*, 147: "I suspected that Ne Win wouldn't mind if it killed more than poppies in the hills of the Shan State." A professor told Mirante that an environmental impact assessment was done before the program started. "It made clear that spraying in Burma would be environmentally risky and of dubious effectiveness. State buried the report and went ahead with the program anyway. . . . The U.S. ambassador to Burma, O'Donohue, told our conference that the spraying program was the greatest success in recent U.S.-Burma relations" (148). Cf. *Mother Jones Magazine*, February–March 1989, 41.

67. Shelby Tucker, *Among Insurgents: Walking through Burma* (London: Radcliffe, 2000), 93. For similar reports on the DEA's use of 2,4-D against the FARC (Revolutionary Armed Forces of Colombia) in Colombia, see David Weir and Mark Schapiro, *Circle of Poison: Pesticides and People in a Hungry World* (San Francisco: Institute for Food and Development Policy, 1981).

68. McCoy, "Lord of Druglords," 454–55; Lintner, *Burma in Revolt*, 278, 380–81, 377–78.

69. Valentine, *The Strength of the Pack*, 70; cf. McCoy, *The Politics of Heroin*, 234.

70. Mills, *Underground Empire*, 201–3, 222 (quoting from internal DEA report on termination of Operation Durian); McCoy, *The Politics of Heroin*, 431. Poonsiri's main Bangkok purchaser, Lu Hsu-Shui, had established himself by trading opium for gold with the KMT in northern Thailand (Lintner, *Burma in Revolt*, 307). In San Francisco, Lu Hsu-shui and two of his sons paid one and a half million dollars for the Shaw Hotel, today the Renoir Hotel (Mills, *Underground Empire*, 214).

71. Christopher Lehmann-Haupt, *New York Times*, June 16, 1986.

72. Mills, *Underground Empire*, 1076–78.

73. Keith Quincy, *Hmong: History of a People* (Cheney: Eastern Washington University Press, 1995), 163.

74. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 73–75, citing Christina Lamb, *Waiting for Allah: Pakistan's Struggle for Democracy* (London: H. Hamilton, 1991), 222; cf. McCoy, *The Politics of Heroin*, 479. Fazle Haq was the governor of Pakistan's North-West Frontier Province; at the same time he was also an important CIA contact and supporter of the Afghan mujahideen, some of whom—it was no secret—were supporting themselves by major opium and heroin trafficking through the province. However, after lengthy correspondence with Fazle Haq's son, I am persuaded that there are no known grounds to accuse Fazle Haq of having profited personally from the drug traffic. See "Clarification from Peter Dale Scott re Fazle Haq," 911Truth.org, http://www.911truth.org/article
.php?story=20090223165146219.

75. Scott, *The Road to 9/11*, 73–75, citing McCoy, *The Politics of Heroin*, 475 (leading drug lords), 464 (60 percent).

76. McCoy, *The Politics of Heroin*, 461; citing interview with Dr. David Musto.

77. McCoy, *The Politics of Heroin*, 462.

78. Thomas Fuller, "No Blowing Smoke: Poppies Fade in Southeast Asia," *New York Times*, September 16, 2007. Cf. United Nations Office on Drugs and Crime, "Opium Poppy Cultivation in Southeast Asia: Lao PDR, Myanmar and Thailand," 2009, 3: "Opium poppy cultivation in Lao PDR, Myanmar and Thailand combined has decreased from an estimated 157,900 hectares in 1998, the year of the United Nations General Assembly Special Session on Drugs, to only 29,400 hectares in 2007. Despite a 22% increase in 2007, this corresponds to an 81% overall reduction in only nine years."

79. "Figure 2: Global Opium Poppy Cultivation (Hectares), 1990–2007," United Nations Office on Drugs and Crime, "Opium Poppy Cultivation in Southeast Asia: Lao PDR, Myanmar and Thailand," 4. Just over 250,000 hectares of opium were planted in 1990 and just under that figure in 2007. The biggest divergence from that level was in 2001, the year that the Taliban successfully banned opium production in their area of Afghanistan. Total opium production for that one year dropped to about half the average.

80. Catherine Lamour and Michel R. Lamberti, *The International Connection: Opium from Growers to Pushers* (New York: Pantheon, 1974), 190–92.

81. Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* (Boston: Houghton Mifflin, 1992), 94–95.

82. William J. Chambliss, *On the Take: From Petty Crooks to Presidents* (Bloomington: Indiana University Press, 1988), 153.

83. McCoy, *The Politics of Heroin*, 253.

84. Cynics have wondered whether Nixon's initial overlooking of Asian drugs can be related to the funds raised for his election campaign in Asia by the previously mentioned "Committee of United States Citizens in Asia for Nixon," headed by Chennault's widow Anna Chan Chennault, for which see Renata Adler, *Canaries in the Mineshaft: Essays on Politics and Media* (New York: St. Martin's Press, 2001), 65–68.

85. McCoy, *The Politics of Heroin*, 457, emphasis added.

86. McCoy has since made this point forcefully in an interview with an Australian journal, *The Sun*: "Suddenly, as the French connection dried up, we began getting large shipments of heroin from Southeast Asia in the United States. The Vietnam War was over, the last of the GIs were gone, and Southeast Asia's producers had a surplus capacity, so they began flooding the US with heroin. So Nixon fought and won another battle in his drug war. He sent thirty DEA agents to Bangkok, where they had special relations with the Thai police, and did a very effective job of seizing heroin bound for the United States, imposing a kind of informal customs duty on heroin exports to America. So, the Southeast Asian traffickers turned around and exported to Europe, which had been virtually drug free for decades. The French syndicates had entered into something of an agreement with the government: they could manufacture heroin, but they could not sell in France and had to export it. With the French Connection out of the picture, the Southeast Asian syndicates flooded Europe with heroin. By the end of the 1970s, Europe had more heroin addicts than the United States. The syndicates also introduced significant heroin addiction to Australia" ("Tricks of the Trade: Alfred McCoy on How the CIA Got Involved in Global Drug Trafficking," *The Sun*, May, 2003, http://www.derrickjensen.org/mccoy.html).

87. Cf. my remarks about *Newsday*'s *The Heroin Trail* in "Foreword," in Henrik Krüger, trans. Jerry Meldon, *The Great Heroin Coup—Drugs, Intelligence, and International Fascism* (Boston: South End Press, 1980), 4.

88. Valentine, *The Strength of the Pack*, 55.

89. Scott, "Foreword," 3, summarizing Krüger, *The Great Heroin Coup*, 117–29.

90. Scott, "Foreword," 4.

91. Alexander Werth, *De Gaulle: A Political Biography* (New York: Simon and Schuster, 1966), 400.

92. *Time*, December 29, 1975; Krüger, *The Great Heroin Coup*, 4–5, 59–71.

93. McCoy, *The Politics of Heroin*, 457, emphasis added.

94. Alfred W. McCoy, *The Politics of Heroin in Southeast Asia* (New York: Harper & Row, 1972), 244.

95. McCoy, *The Politics of Heroin* (2003), 393. McCoy has explained to me that the original paragraph was dropped to make space for the new material in his 2003 edition.

96. Valentine, *The Strength of the Pack*, 53: Cusack "produced statistics showing that Turkish opium was the raw material for 80 percent of the heroin emanating from . . . Marseille." Cf. Douglas Valentine, *The Strength of the Wolf: The Secret History of America's War on Drugs* (London: Verso, 2004), 468.

97. Valentine, *The Strength of the Wolf*, 370. Cf. Krüger, *The Great Heroin Coup*, 4–5, 59–74. Krüger is not aware of any link between Cusack and Ben Barka's murder. However, he points to other misleading statistics of which Cusack was the author. Cusack's false report that America's addict population had dropped by 200,000, when it had in fact *risen*, is dismissed by Krüger as a "giant cover-up [which] hid the fact that Nixon's heroin war was no more than window-dressing" (Krüger, *The Great Heroin Coup*, 171–73).

98. Scott and Marshall, *Cocaine Politics*, 4.

99. Scott, *Drugs, Oil, and War*, 50; cf. Scott, *The Road to 9/11*, 73–75.

Chapter 7: The CIA, the Global Drug Connection, and Terrorism

1. Alan A. Block, *East Side-West Side: Organizing Crime in New York, 1930–1950* (New Brunswick, NJ: Transaction, 1983), 109.

2. Gaia Servadio, *Mafioso* (New York: Dell, 1976), 125–28; Peter Dale Scott, *Deep Politics and the Death of JFK* (Berkeley: University of California Press, 1998), 174–77.

3. R. T. Naylor, *Hot Money and the Politics of Debt* (New York: Linden/Simon and Schuster, 1987), 295 ("laundromat"). For Helliwell's ownership, see Alan A. Block, *Masters of Paradise* (New Brunswick, NJ: Transaction, 1991), 165–66.

4. CIA Memo dated April 24, 1974, "RYBAT/JMSPUR/PLVWCADET Traffic Removed from C/WHD Personal Files during Watergate File Search. Traffic can be found in sealed sensitive envelope in safe No. 1322 located in WH/COG, Room 3D46," NARA #104-10095-10326. C/WHD (Chief of Western Hemisphere Division) in 1974 was Theodore Shackley, discussed later. All the CIA and FBI documents discussed in this chapter can be seen on the Mary Ferrell website at http://www.maryferrell.org.

5. Block, *Masters of Paradise*, 161–62, 166.

6. Alan Block subsequently learned that it was the bank's cofounder, Chicago lawyer "Burt Kanter, more so than Helliwell, who was instrumental in Castle's formation." He cites speculation that it was originally set up on behalf of the former Cleveland mob racketeer Morris Kleinman (Block, *Masters of Paradise*, 172).

7. Jim Drinkhall, "IRS vs. CIA: Big Tax Investigation Was Quietly Scuttled by Intelligence Agency," *Wall Street Journal*, April 18, 1980.

8. Drinkhall, "IRS vs. CIA."

9. Alfred W. McCoy, *The Politics of Heroin* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), 168–74; Block, *Masters of Paradise*, 169 (Thai police).

10. Alan A. Block and Constance A. Weaver, *All Is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime* (Westport, CT: Praeger, 2004), 38, citing Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (Garden City, NY: Anchor Books, 1983), 119. Cf. Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 47, 67.

11. Drinkhall, "IRS vs. CIA."

12. CIA Memo of August 18, 1976, for Chief, Security Analysis Group, NARA #104-10059-10013. The margin of the memo carries the following handwritten reference to Sam Giancana, the major figure in the CIA–Mafia assassination plots against Fidel Castro: "for file/Sam GIANCANA/not mentioned."

13. Jonathan Marshall, *Drug Wars: Corruption, Counterinsurgency and Covert Operations in the Third World* (Forestville, CA: Cohan and Cohen, 1991), 54, citing Drinkhall, "IRS vs. CIA."

14. Block notes that the spin-off of I.D.C. from Benguet was accompanied by a "payment of $329,439 to a Hong Kong Bank" (possibly into a Marcos account) (Block, *Masters of Paradise*, 98).

15. Profits from the Philippine gold mine—and possibly gold itself—reached I.D.C. from Asia. But I have not seen corroboration for the claim of Sterling and Peggy Seagrave that Groves and Helliwell were actually moving parts of the Japanese wartime gold hoard to the Bahamas "out of the Philippines, masquerading as gold from Benguet Mines" (Sterling Seagrave and Peggy Seagrave, *Gold Warriors: America's Secret Recovery of Yamashita's Gold* [London: Verso, 2003], 147). It is, however, of interest that the Marcos family also entered into business dealings with the CIA-related Nugan Hand Bank (see the following discussion), which some say included negotiations for the surreptitious shipment of Marcos's gold (Jonathan Kwitny, *The Crimes of Patriots* [New York: Norton, 1987], 182, 186–87, 190).

16. McCoy, *The Politics of Heroin*, 279–80, 400–401. Lim Seng's sources, Sukree Sukreepirom in Bangkok and Ng Sik-ho in Hong Kong, were part of the connection taken over by Ma Sik-yu and Ma Sik-chun, who as we saw in chapter 5 were believed by Hong Kong police to have met with Santos Trafficante in 1968 (McCoy, *The Politics of Heroin*, 400, 404, 410–11).

17. Sterling Seagrave, *The Marcos Dynasty* (New York: Harper and Row, 1988), 326; cf.

McCoy, *The Politics of Heroin*, 400. In *Gold Warriors*, Seagrave and Seagrave argue that the Benguet–Nassau–Helliwell connection was used to move the Japanese war gold to the Bahamas "as part of an elaborate money-laundering scheme that included washing drug profits" (Seagrave and Seagrave, *Gold Warriors*, 147, cf. 209).

18. Penny Lernoux, *In Banks We Trust* (Garden City, NY: Anchor/Doubleday, 1984), 83.

19. Marshall, *Drug Wars*, 54–55. Cf. U.S. Congress, House, Committee on Government Operations, *Oversight Hearings into the Operations of the IRS (Operation Tradewinds, Project Haven, and Narcotics Traffickers Tax Program), Hearings* (Washington, DC: Government Printing Office, 1975), 909; Peter Dale Scott, *Coming to Jakarta: A Poem about Terror* (New York: New Directions, 1989), 99–103. It is not known if ID Corp. and I.D.C. were related.

20. For the CIA's close involvement in Lockheed payoffs, see Anthony Sampson, *The Arms Bazaar* (New York: Viking, 1977), 137, 227–28, 238. The U.S. Air Force was also involved. *San Francisco Chronicle*, October 24, 1983, 22, describes one such air force–Lockheed operation in Southeast Asia "code-named 'Operation Buttercup' that operated out of Norton Air Force Base in California from 1965 to 1972."

21. Peter Dale Scott, "The United States and the Overthrow of Sukarno, 1965–1967," *Pacific Affairs* 58 no. 2 (Summer 1985): 239–64, http://www.namebase.org/scott.html: "A 1976 Senate investigation into these [Lockheed] payoffs revealed, almost inadvertently, that in May 1965, over the legal objections of Lockheed's counsel, Lockheed commissions in Indonesia had been redirected to a new contract and company set up by the firm's long-time local agent or middleman. Its internal memos at the time show no reasons for the change, but in a later memo the economic counselor of the U.S. Embassy in Jakarta is reported as saying that there were 'some political considerations behind it.' If this is true, it would suggest that in May 1965, five months before the coup, Lockheed had redirected its payoffs to a new political eminence at the risk (as its assistant chief counsel pointed out) of being sued for default on its former contractual obligations."

22. George Aditjondro, *Washington Post*, January 25, 1998, C1. The other was Liem Sioe Liong, noted earlier as one of the godfathers initially banked by Phao Sriyanon's Sino-Thai banker Chin Sophonpanich.

23. A Senate amendment in 1964 to cut off all aid to Indonesia unconditionally was quietly killed in conference committee on the misleading ground that the Foreign Assistance Act "requires the President to report fully and concurrently to both Houses of the Congress on any assistance furnished to Indonesia" (U.S. Cong., Senate, Report No. 88-1925, *Foreign Assistance Act of 1964*, 11). In fact, the act's requirement that the president report "to Congress" applied to eighteen other countries, but in the case of Indonesia he was to report to two Senate committees and the Speaker of the House (Foreign Assistance Act, Section 620[j]).

24. Tom J. Farer, *Transnational Crime in the Americas: An Inter-American Dialogue Book* (New York: Routledge, 1999), 65.

25. Ed Reid and Ovid Demaris, *The Green Felt Jungle* (New York: Pocket Books, 1964), 217–20. Levinson had fronted for Lansky at the Sands casino in Las Vegas.

26. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 7, 60–61, 198, 207, citing Lernoux, *In Banks We Trust*, 42–44, 84.

27. Naylor, *Hot Money and the Politics of Debt*, 22. It is impossible to describe Tibor Rosenbaum justly in a footnote. A wartime hero of the Jewish underground who at great risk saved the lives of many Hungarian Jews, he became a Mossad agent in 1951 and founded the International Credit Bank with Edmond de Rothschild to fund Mossad operations. In this capacity he became involved with Meyer Lansky. Rosenbaum was also reportedly invited by his friend Prince Bernhard of the Netherlands to join the elite 1001 Club, a club for the global overworld that also included Agha Abedi, founder of BCCI; Robert Vesco, Salem bin Laden, older brother of Osama; and Mobutu Sese Seko, the CIA-installed dictator and looter of Zaire (Joël van der Reijden, "The 1001 Club," *Socio Politica*, September 18, 2008, http://www.biblioteca
pleyades.net/sociopolitica/sociopol_1001club01.htm).

28. Block, *Masters of Paradise*, 51. Intra Bank also had a Bahamian branch, Intra Bahamas Trust Ltd.

29. Staff and editors of *Newsday*, *The Heroin Trail* (New York: Holt, Rinehart and Winston, 1974), 137 (Francisi); McCoy, *The Politics of Heroin*, 39 (Luciano). El-Khoury "used Luciano's money to buy off Lebanese police and customs agents" (Alexander Cockburn and Jeffrey St.

Clair, *Whiteout: The CIA, Drugs, and the Press* [London: Verso, 1998], 131).

30. McCoy, *The Politics of Heroin*, 541.

31. James Mills, *The Underground Empire: Where Crime and Government Embrace* (New York: Dell, 1986), 70.

32. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: The CIA, Drugs, and Armies in Central America* (Berkeley and Los Angeles: University of California Press, 1998), x–xi. Dayle made this statement during a videotaped teleconference in the presence of Marshall and myself.

33. Drinkhall, "IRS vs. CIA." Dalitz, Kleinman, and Tucker, all veterans of the gambling scene in Cleveland, later had a controlling interest in the Desert Inn casino in Las Vegas (*Investigation of Organized Crime in Interstate Commerce*: Hearings before the [Kefauver] Special Committee to Investigate Organized Crime in Interstate Commerce, U.S. Senate, 81st Cong., 2nd sess., and 82nd Congress, 1st sess., Part 10 [Washington, DC: Government Printing Office, 1950], 907–26). Block's and Weaver's later and more detailed study claims that Dalitz did not have an account at Castle but adds former Lansky associate Lou Rothkopf to the list of mob figures who did (Block and Weaver, *All Is Clouded by Desire*, 45).

34. Block, *Masters of Paradise*, 189.

35. Lernoux, *In Banks We Trust*, citing *Wall Street Journal*, May 23, 1977, February 17, 1981; see also *Parapolitics*, Spring 1981, 88: "Like Castle, Mercantile was a conduit for CIA money, and Price Waterhouse accountants were 'under orders' to make sure 'outsiders' did not have access to the books. If they probed around, said a CIA source, they 'could unravel a trail to the intelligence community.'"

36. Block and Weaver, *All Is Clouded by Desire*, 40; cf. Block, *Masters of Paradise*, 188–91, where Kleinman is called "perhaps a hidden owner" of Castle.

37. Block, *Masters of Paradise*, 163; *New York Times*, September 1, 1989 ("part owner").

38. House Select Committee on Assassinations, Final Report, *Investigation of the Assassination of President John F. Kennedy* (March 1978), 173; Block, *Masters of Paradise*, 164.

39. CIA Inspector General's Report of 1967 on CIA-Mafia Plots to Assassinate Castro, 15–16, NARA #151993.08.11.16:44:08:750007, 3–4. Cf. Peter Dale Scott, *Deep Politics II: The New Revelations in U.S. Government Files, 1994–1995* (Ipswich, MA: Mary Ferrell Foundation Press, 2007), 59–63.

40. Memo of September 5, 1975 to DDO from CI Staff Chief George Kalaris, NARA #104-1010-10003, 2. Mario Brod, a former U.S. Army Intelligence captain in Rome with Angleton, is not easily portrayed in a footnote. According to Richard Mahoney, when Senator John F. Kennedy ran for the presidency in 1960, his father sought out John Rosselli "to help him arrange a summit meeting with Mafia leaders. But the best Rosselli could do was to get the Chicago Outfit to attend and, interestingly enough, the attorney Mario Brod" (Richard D. Mahoney, *Sons and Brothers: The Days of Jack and Bobby Kennedy* [New York: Arcade, 1999], 43–44).

41. Tom Mangold, *Cold Warrior: James Jesus Angleton: The CIA's Master Spy Hunter* (New York: Touchstone/Simon and Schuster, 1991), 314–15. For Jay Lovestone's extraordinary life shift from Communist Party leader to anticommunist work with Angleton, see Ted Morgan, *A Covert Life: Jay Lovestone, Communist, Anti-Communist, and Spymaster* (New York: Random House, 1999).

42. Douglas Valentine, "The French Connection Revisited: The CIA, Irving Brown, and Drug Smuggling as Political Warfare," Covert Action, http://www.covertaction .org/content/view/99/75.

43. Paul Buhle, "Lovestone's Thin Red Line," *The Nation*, May 6, 1999, http:// www.thenation.com/doc/19990524/buhle.

44. House Select Committee on Assassinations, *Investigation of the Assassination of President John F. Kennedy*, Appendix to Hearings, Volume 9 (March 1978), 47.

45. Ed Reid, *The Grim Reapers: The Anatomy of Organized Crime in America* (New York: Bantam, 1969), 174.

46. Mangold, *Cold Warrior*, 329–30, cf. 305, 337. Other authors have written that Dulles and Angleton maintained a "second agency," or "agency-within-the Agency"; see, e.g., Mark Aarons and John Loftus, *Unholy Trinity* (New York: St. Martin's Press, 1991), 260.

47. Mangold, *Cold Warrior*, 105.

48. Memo of November 4, 1970, from John K. Greaney, Assistant General Counsel, CIA, NARA #104-10106-10374.

49. *United States of America, Appellee, v. Leonard Russo, et al., Defendants-Appellants*.

50. Memo of November 4, 1970, from John K. Greaney, Assistant General Counsel, CIA, NARA #104-10106-10374. Robert Sam Anson once claimed that two of the defendants in these kickback trials, John Larocca and Gabriel Mannarino, were acquitted in 1971 when "one of the star witnesses turned out to be the local head of the CIA" (Robert Sam Anson, *"They've Killed the President"* [New York: Bantam, 1975], 296). Anson told me that this witness was Brod, but I have found no court record of Brod's testimony.

51. Dan E. Moldea, *The Hoffa Wars: Teamsters, Rebels, Politicians, and the Mob* (New York: Paddington Press, 1978), 130–31.

52. *Time*, June 9, 1975, 14.

53. Church Committee, Testimony of John Scelso, May 7, 1976, 41-42, NARA #157-10014-10083, 45–46. Angleton's response suggests that he may have believed what Hank Messick and others later charged: that Lansky had somehow obtained protection from the bureau (Hank Messick, *John Edgar Hoover* [New York: David McKay, 1972], 229–31).

54. William R. Corson, Susan B. Trento, and Joseph J. Trento, *Widows* (New York: Crown, 1979), 71.

55. For details see Scott, *The War Conspiracy*, 387; Scott, *Deep Politics II*, 30–33.

56. See Scott, *Deep Politics II*, 17–18, 92; see also Peter Dale Scott, "Oswald and the Hunt for Popov's Mole," *The Fourth Decade* 3, no. 3 (March 1996): 3, http://www.maryferrell.org/mffweb/archive/viewer/showDoc.do?absPageId=519798.

57. Scott, *Deep Politics II*, 30–33.

58. See discussion in Peter Dale Scott, "The JFK Assassination and 9/11: The Designated Suspects in Both Cases," Global Research, July 5, 2008, http://www.globalresearch.ca/index.php?context=va&aid=9511.

59. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 50–54.

60. J. Patrice McSherry, *Predatory States: Operation Condor and Covert War in Latin America* (Lanham, MD: Rowman & Littlefield, 2005), 139–75; John Dinges, *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents* (New York: New Press, 2004), 190–98, 248–50. Peter Kornbluh, *The Pinochet File: A Declassified Dossier on Atrocity and Accountability* (New York: New Press, 2003).

61. McSherry, *Predatory States*, 95, citing White cable of October 13, 1978, http://foia.state.gov/documents/State/Chile3/000058FD.pdf (a URL inactive in 2008); see also Diana Jean Schemo, "New Files Tie U.S. to Deaths of Latin Leftists in 1970s," *New York Times*, March 6, 2001.

62. "I can do no less, without producing a reaction in the U.S. which would lead to legislative restrictions. The speech is not aimed at Chile. . . . My evaluation is that you are a victim of all left-wing groups around the world, and that your greatest sin was that you overthrew a government which was going communist" (Dinges, *The Condor Years*, 159–62), citing *Department of State Bulletin* 75 (July 5, 1976): 4 (public speech).

63. McSherry, *Predatory States*, 159.

64. McSherry, *Predatory States*, 161.

65. *Los Angeles Times*, May 7, 2008, http://articles.latimes.com/2008/may/07/nation/na-posada7.

66. Kevin Phillips, *American Dynasty: Aristocracy, Fortune, and the Politics of Deceit in the House of Bush* (New York: Viking, 2004), 280.

67. Joseph J. Trento, *The Secret History of the CIA* (New York: Forum/Prima/Random House, 2001), 436–37. In 1978, Trento himself was the recipient of a leak linking Wilson to Shackley.

68. Trento, *The Secret History of the CIA*, 395 (Helms), 344 (cadre). Shackley by this time was operating in conjunction with the secretive International Freedom Foundation, a group created by lobbyist Jack Abramoff (David Teacher, *Rogue Agents: The Cercle Pinay Complex, 1951–1991*, available at http://www.isgp.eu).

69. Block, *Masters of Paradise*, 191.

70. Block, *Masters of Paradise*, 192: "The major Pritzker link to the Teamsters was crafted by Stanford Clinton," a lawyer "who represented some of Chicago's leading hoodlums" and also had a Castle account.

71. Block, *Masters of Paradise*, 195.

72. Block, *Masters of Paradise*, 171, cf. 32–33.

73. Block, *Masters of Paradise*, 172–73, 182.

74. Scott, *The War Conspiracy*, 46–47, 60, 64–68, 263, 278–79.

75. OSS officer and Corcoran friend Ernest Cuneo, quoted in David McKean, *Peddling Influence: Thomas "Tommy the Cork" Corcoran and the Birth of Modern Lobbying* (Hanover, NH: Steerforth, 2004), 286.

76. "Lawyers and Lobbyists." *Fortune*, February 1952, 142, quoted in Scott, *The War Conspiracy*, 47.

77. Joseph J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* (New York: Carroll and Graf, 2005), 9.

78. Scott, *The War Conspiracy*, 278–79.

79. Block, *Masters of Paradise*, 170.

80. "In October 1934 Treasury Attaché Nicholson submitted reports implicating Chiang Kai-shek and possibly T.V. Soong in the heroin trade to North America" (Douglas Valentine, *The Strength of the Wolf: The Secret History of America's War on Drugs* [London: Verso, 2004], 37).

81. McKean, *Peddling Influence*, 140–43; Scott, *The War Conspiracy*, 64–65.

82. McKean, *Peddling Influence*, 149–50.

83. Bruce Cumings, *The Origins of the Korean War*, vol. 2 (Princeton, NJ: Princeton University Press, 1990), 107, 153; Trento, *Prelude to Terror*, 9.

84. Oral history interview with Arthur R. Ringwalt, June 5, 1974, Truman Library, http://www.trumanlibrary.org/oralhist/ringwalt.htm.

85. Daniel Fineman, *A Special Relationship: The United States and Military Government in Thailand, 1947–1958* (Honolulu: University of Hawai'i Press, 1997), 214–15, cf. 206.

86. Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Chiang Mai: Silkworm Books, 1999), 192; Scott, *Drugs, Oil, and War*, 51, 187, 192–93.

87. Lernoux, *In Banks We Trust*, 82–83.

88. Anthony Summers with Robbyn Swann, *The Arrogance of Power: The Secret World of Richard Nixon* (New York: Viking, 2000), 242.

89. Memo of August 18, 1976, to Chief, Security Analysis Group, NARA #104-10059-10013; also partially released as p. 6 of Meyer Lansky Security File, 1993.08.13.17:42:12:560059.

90. Memo of August 18, 1976, to Chief, Security Analysis Group, NARA #104-10059-10013; Reid, *The Grim Reapers*, 119–23.

91. Jeff Gerth, "Richard M. Nixon and Organized Crime," in *Government by Gunplay: Assassination Conspiracy Theories from Dallas to Today*, ed. Sid Blumenthal and Harvey Yazijian (New York: New American Library, 1976), 138.

92. Summers, *The Arrogance of Power*, 242, 252; Jim Hougan, *Spooks*: *The Haunting of America—The Private Use of Secret Agents* (New York: William Morrow, 1978), 398. Cf. Denny Walsh, *New York Times*, January 21, 1974; Gerth, "Richard M. Nixon and Organized Crime," 137–39.

93. Block, *Masters of Paradise*, 94–96; Summers, *The Arrogance of Power*, 244–45.

94. Summers, *The Arrogance of Power*, 244–45, 253–54.

95. Block, *Masters of Paradise*, 46, 101.

96. Inspector-General's Report on CIA Plots to Assassinate Fidel Castro, NARA #104-10213-10101, 29–30, quoted in Scott, *Deep Politics II*, 60.

97. *San Francisco Chronicle*, March 3, 1967, 41, quoted in Scott, *Deep Politics II*, 67.

98. David Kaiser, *The Road to Dallas: The Assassination of John F. Kennedy* (Cambridge, MA: Belknap Press/Harvard University Press, 2008), 206–8.

99. Block, *Masters of Paradise*, 100–101.

100. Inspector-General's Report on CIA Plots to Assassinate Fidel Castro, 29–30, quoted in Scott, *Deep Politics II*, 59.

101. Some of the documents in this file, including the FBI report quoted in this paragraph, are incorporated into the Inspector-General's Report on CIA Plots to Assassinate Fidel Castro, 29–30, quoted in Scott, *Deep Politics II*, 59. In addition, the CIA's report on its interest in Resorts International, quoted previously, carries the handwritten notation "for file/Sam GIANCANA/not mentioned." The allusion to Giancana makes sense in the context of the CIA–Mafia plots but, as far as I know, not otherwise.

102. "Moss, Edward K. #172 646," CIA Memo of May 14, 1973, in Meyer Lansky Security File, 9, NARA #1993.08.13.17:42:12:560059. The CIA used the misspelling "Verona," which occurred just once in the FBI source document, and ignored the correct spelling "Varona,"

which was abundantly used as well. They also used "Cellino" (rather than "Cellini") and "Lenzieri" (for Lanzieri) in related CIA documents. By this device, both the FBI and the CIA could avoid responding to document searches for the correct name. For example, in the 1940s the CIA told the French that they had no documents on the SS war criminal Klaus Barbie, whom they were harboring. The American documents referred to him systematically as "Barbier."

103. "Moss, Edward K. #172 646," CIA Memo of May 14, 1973, from Jerry G. Brown for Deputy Chief, Security Research Staff, NARA #1993.08.13,17:42:12:560059.

104. "Moss, Edward K. #172 646," CIA Memo of April 19, 1967 [at the time of the I-G Report mentioning Moss], NARA #104-10122-10006; Inspector-General Report on CIA-Mafia Plots to Assassinate Fidel Castro (henceforth I-G Report), NARA #104-10213-10101, 38. Cf. memo of November 7, 1962, in CIA's Edward K. Moss folder, 26, NARA #1994.05.03.10:54:53:780005.

105. "Manuel Antonio Varona," FBI Memorandum of January 16, 1961, to A. H. Belmont, 105-76826-20; NARA #124-90055-10139.

106. "Manuel Antonio Varona," FBI Memorandum of January 16, 1961, to A. H. Belmont, 2, 105-76826-20; NARA #124-90055-10139. Cf. "Moss, Edward K. #172 646," CIA Memo of May 14, 1973, in Meyer Lansky Security File, 9, NARA #1993.08.13.17:42:12:560059; CIA letter of December 16, 1960, to FBI, FBI file 105-76826-18; NARA #124-90055-10133.

107. CIA letter of December 16, 1960, to Director, FBI, FBI File 105-76826-18; NARA #124-90055-10133. Apparently, no copy of this letter has been released from CIA files.

108. "Manuel Antonio Varona," FBI Memorandum of January 16, 1961, to A. H. Belmont, 2, 105-76826-20; NARA #124-90055-10139.

109. Peter Dale Scott, *Deep Politics and the Death of JFK* (Berkeley: University of California Press, 1998), 145, cf. 238–40.

110. "Moss, Edward K. #172646," CIA Memo of November 28, 1962, NARA #1994.05.03.10:54:53:780005.

111. I-G Report, 38.

112. "Manuel Antonio Varona," FBI Memorandum of January 16, 1961, to A. H. Belmont, 2, 105-76826-20, NARA #124-90055-10139.

113. FBI Memorandum to Attorney General, January 23, 1961, NARA #124-90055-10140.

114. Summers, *The Arrogance of Power*, 194, citing I-G Report.

115. Don Bohning, *The Castro Obsession: U.S. Covert Operations against Cuba* (Washington, DC: Potomac Books, 2005), 181.

116. Summers, *The Arrogance of Power*, 283 ($1 million); Robert Baer, *Sleeping with the Devil* (New York: Crown, 2003), 43 (briefcase); Ronald Kessler, *The Richest Man in the World* (New York: Warner Books, 1986), 170 ("several million"); Renata Adler, "Searching for the Real Nixon Scandal," *Atlantic*, December 1976, 76–84 ($200 million). Khashoggi admitted publicly to a gift of $43,000 to the Nixon campaign in 1972.

117. Kessler, *The Richest Man in the World*, 170.

118. Kessler, *The Richest Man in the World*, 142, 181.

119. It has been alleged that at the Sands in 1960, the FBI saw the casino's courtesy prostitutes "running in and out of" Senator Jack Kennedy's suite, and a million dollars was allegedly given to Kennedy in a brown leather satchel by the hotel's owners (John William Tuohy, "The Sands," *AmericanMafia*, August 2001, http://www.americanmafia.com/Feature_Articles_155.html).

120. Omar Garrison, *Howard Hughes in Las Vegas* (New York: Dell, 1970), 48–49, 56, 58; Peter Dale Scott, *Crime and Cover-Up: The CIA, the Mafia, and the Dallas-Watergate Connection* (Palo Alto, CA: Ramparts Press, 1977), 29.

121. Kessler, *The Richest Man in the World*, 149–50.

122. Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America, 1947–2000* (New York: Knopf, 2001), prologue. Sally Denton later enlarged on the details: "When it became clear 70 United States, American, banks were involved, had the complicity, knew about every single one of the wire-transfers and transactions—banks including Chemical Bank, Bank of New York, CitiBank, American Express — . . . President Clinton and Madeline Albright stepped in and intervened and stopped the entire investigation and closed all of the cases" (discussion at Taos Community Auditorium on October 12, 2002, http://www.taosplaza.com/taosplaza/2003/pages/tmff_drugs.php).

123. Gigi Mahon, *The Company That Bought the Boardwalk* (New York: Random House, 1980), 136.

124. Kessler, *The Richest Man in the World*, 275–78. A friend of Khashoggi's, Larry Kolb, reports that Khashoggi himself essentially corroborated the story that Khashoggi and John Kennedy had a friendship in the 1950s that "evolved primarily out of whoring together" (Larry J. Kolb, *Overworld: The Life and Times of a Reluctant Spy* [New York: Riverhead/ Penguin, 2004], 236). The woman who destroyed the presidential aspirations of Senator Gary Hart in 1987 was one of Khashoggi's many girls.

125. Kessler, *The Richest Man in the World*, 238, 240.

126. Prince Turki bin Faisal gave Georgetown University alumni a frank account of the Safari Club's formation in response to post-Watergate restrictions: "In 1976, after the Watergate matters took place here, your intelligence community was literally tied up by Congress. It could not do anything. It could not send spies, it could not write reports, and it could not pay money. In order to compensate for that, a group of countries got together in the hope of fighting Communism and established what was called the Safari Club. The Safari Club included France, Egypt, Saudi Arabia, Morocco, and Iran."

127. Kolb, *Overworld*, 238, 242–43.

128. Denton and Morris, *The Money and the Power*, 72, citing laudatory article on Greenspun in the *Jerusalem Post*, July 1993.

129. Investigative reporter Jim Hougan reports the incredulity of congressional investigators that Lockheed was the only large corporation not to have made a contribution to Nixon's 1972 election campaign (Hougan, *Spooks*, 457–58).

130. Drinkhall, "IRS vs. CIA." Drinkhall also reported that "Helliwell reputedly was one of the paymasters for the ill-fated Bay of Pigs invasion in 1961," a claim repeated in virtually every book dealing with Helliwell since that time (except my own). I have looked at dozens if not hundreds of CIA Bay of Pigs documents, many of them concerning financial payments to anti-Castro individuals and groups, and I have never seen any document involving either Helliwell or an unidentified cryptonym.

131. Pete Brewton, *The Mafia, CIA and George Bush* (1992), 296–97.

132. Block and Weaver, *All Is Clouded by Desire*, 36–37, citing Robin Winks, *Cloak and Gown: Scholars in the Secret War, 1939–1961* (New York: William Morrow, 1987), 377–78 (X-2 in Vienna).

133. Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* (Boston: Houghton Mifflin, 1992), 384 ("ties").

134. Block and Weaver, *All Is Clouded by Desire*, 86. Abbas Kassimali Gokal, whom British prosecutors accused of stealing $1.3 billion from BCCI, was a board member of the Inter Maritime Bank from 1978 through 1982. In 1997, Gokal was sentenced to thirteen years by a British court for his role in the BCCI fraud.

135. Truell and Gurwin, *False Profits*, 384. Truell and Gurwin claim that Hartmann went from Intermaritime to BCCI; the Kerry-Brown BCCI Report claims that Rappaport recruited Hartmann from BCCI/BCP for his own bank.

136. Block and Weaver, *All Is Clouded by Desire*, 85.

137. U.S. Congress, Senate, 102nd Cong., 2nd sess., *The BCCI Affair: A Report to the Senate Committee on Foreign Relations from Senator John Kerry, Chairman, and from Senator Hank Brown, Ranking Member, Subcommittee on Terrorism, Narcotics, and International Operations*, September 30, 1992, 1–2 (cited henceforth as the Kerry-Brown Report), 69.

138. Jane Hunter, "Covert Operations: The Human Factor," *The Link* 25, no. 3 (August 1992): 8, http://www.ameu.org/page.asp?iid=139&aid=183&pg=8.

139. Leonard Slater, *The Pledge* (New York: Pocket Books, 1971), 175.

140. Sindona had links to the Italian intelligence service SISMI, to drug traffickers like Rosario Gambino, and to the Nixon administration. See Jonathan Marshall, Peter Dale Scott, and Jane Hunter, *The Iran-Contra Connection: Secret Teams and Covert Operations in the Reagan Era* (Boston: South End Press, 1987), 71, 73; Lernoux, *In Banks We Trust*, 178–79, 193–95.

141. Block and Weaver, *All Is Clouded by Desire*, 36, citing Winks, *Cloak and Gown*, 377–78.

142. Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Berkeley: University of California Press, 1972), 165.

143. Operation Safehaven began as a U.S. Treasury effort to trace the movements of stolen Nazi gold and possibly implicate Nazi collaborators in America. Taken over by OSS X-2, it recuperated SS assets that were used instead to support former SS agents like Klaus Barbie,

who were now working for the United States.

144. Anthony Cave Brown, *The Secret War Report of the OSS* (New York: Berkeley, 1976), 565–66.

145. Kessler, *The Richest Man in the World*, 162, 300; Jonathan Beaty and S. C. Gwynne, *The Outlaw Bank: A Wild Ride into the Secret Heart of BCCI* (New York: Random House, 1993), 54, 80, 263–64.

146. Truell and Gurwin, *False Profits*, 83–87.

147. Kerry-Brown Report.

148. Beaty and Gwynn, *The Outlaw Bank*, 357.

149. Truell and Gurwin, *False Profits*, 373–77.

150. Olmsted's intelligence connections dated back to wartime service on the staff of General Albert Wedemeyer in China, where he was in charge of clandestine operations and in that capacity worked with OSS. He was thus a senior figure in what I am tempted to call the OSS China connection, which united so many of the people who were prominent in Helliwell's postwar global drug connection. We have already mentioned Helliwell himself, who was head of the Special Intelligence branch of OSS in Kunming before he created Sea Supply Corp. in Bangkok. Willis Bird was the deputy chief of OSS China and then became the most important figure in Sea Supply after Helliwell's return in 1951 from Bangkok to America. C. V. Starr, later represented by Corcoran, opened his insurance empire in China to the creation of an OSS network outside the OSS–KMT cooperation agreement. See Smith, *OSS*, 267 (Starr), 273 (Bird), 326 (Helliwell). But this is not the whole picture. Elsewhere, I have dealt with the postwar activities of other members of the small OSS Detachment 202 under Paul Helliwell in Kunming: E. Howard Hunt, Ray Cline, Lou Conein, John Singlaub, and Mitchell WerBell. All these men went on to develop postwar connections for the CIA with drug traffickers: Hunt in Mexico, Cline in Taiwan, Conein in Vietnam, WerBell in Laos, and Singlaub with the World Anti-Communist League, which Hunt and Cline had helped to create (Scott, *Drugs, Oil, and War*, 20, 207).

151. Block and Weaver, *All Is Clouded by Desire*, 41; cf. Block, *Masters of Paradise*, 191.

152. Block and Weaver, *All Is Clouded by Desire*, 41–42; Truell and Gurwin, *False Profits*, 40–43.

153. Truell and Gurwin, *False Profits*, 123–24, cf. 128–29: Expanding over seven pages on these and many other intelligence connections, they asked whether the bank's illegal acquisition of an American bank holding company, First American Bankshares, was not in fact serving the purposes of U.S. intelligence: "No one can deny that virtually every major character in the takeover was connected in one way or another to U.S. intelligence: Olmsted who controlled the company [First American] for years; Middendorf, who headed the group that acquired it from him; Abedi, who arranged for clients of BCCI to buy the company from Middendorf's group; [Mohammed Rahim Motaghi] Irvani, the chairman of one of the dummy companies set up to carry out the acquisition; [his partner Richard] Helms, who advised Irvani; [former Saudi intelligence chief Kamal] Adham, the lead investor in Abedi's group; [Clark] Clifford, who steered the deal through the regulatory maze and then became the chairman of the company. . . . Can all this be a coincidence? Or is it possible that First American was affiliated with U.S. intelligence all along and that it was simply passed from one group of CIA associates to another, and then another? No proof has emerged that this is what happened, but it is certainly not a far-fetched theory."

154. Kwitny, *The Crimes of Patriots*, 96.

155. Kwitny, *The Crimes of Patriots*, 162. BCCI also used Price Waterhouse as its auditor. In addition, BCCI and Nugan Hand used the same law firm and registered agent (Bruce Campbell & Company) in the Cayman Islands (Truell and Gurwin, *False Profits*, 125).

156. Kwitny, *The Crimes of Patriots*, 243.

157. Bangkok embassy intelligence officer Allan Parks, to Jonathan Kwitny, in Kwitny, *The Crimes of Patriots*, 59. Kwitny, inquiring about Houghton, was put in touch with Parks by Alexander Butterfield, the revealer in the Watergate Hearings of Nixon's taping system, who earlier had also been an intelligence officer in Asia. Cf. Russ Baker, *Family of Secrets: The Bush Dynasty, the Powerful Forces That Put It in the White House, and What Their Influence Means for America* (New York: Bloomsbury Press, 2009), 234–35.

158. Kwitny, *The Crimes of Patriots*, 334–35.

159. Trento, *Prelude to Terror*, 313–14.

160. Kwitny, *The Crimes of Patriots*, 207, 208.

161. James A. Nathan, "Dateline Australia: America's Foreign Watergate?" *Foreign Policy*, Winter 1982–1983, 183, quoted in Marshall et al., *The Iran-Contra Connection*, 38.

162. Scott, *The Road to 9/11*, 126–27.

163. Thomas Goltz, *Azerbaijan Diary: A Rogue Reporter's Adventures in an Oil-Rich, War-Torn, Post-Soviet Republic* (Armonk, NY: M. E. Sharpe, 1999), 272–75. Richard Secord was allegedly attempting also to sell Israeli arms with the assistance of Israeli agent David Kimche, another associate of Oliver North. The mujahideen were recruited in Afghanistan by Gulbuddin Hekmatyar, the leading recipient of CIA assistance in Afghanistan in the 1980s and most recently a leader of the al-Qaeda–Taliban resistance to the United States and its client there, Hamid Karzai. See Scott, *Drugs, Oil, and War*, 7, 8, 20.

164. Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars behind the Terror Networks* (New York: Seven Stories Press, 2005), 90–97: "[IMU leader] Namangiani's networks in Tajikistan and in Central Asia were used to smuggle opium from Afghanistan. It was partly thanks to Namangiani's contacts in Chechnya that heroin reached Europe" (91). . . . "It was thanks to the mediation of Chechen criminal groups that the KLA and the Albanian mafia managed to gain control of the transit of heroin in the Balkans" (96). Napoleoni does not mention Azerbaijan, which, however, lies between Uzbekistan and Chechnya.

165. "KLA Funding Tied to Heroin Profits," *Washington Times*, May 3, 1999.

166. Daniel Ellsberg with Kris Welch, KPFA, August 26, 2006, http://wotisitgood4.blogspot.com/2006/10/ellsberg-hastert-got-suitcases-of-al.html.

167. Sibel Edmonds and Philip Giraldi, "Found in Translation: FBI Whistleblower Sibel Edmonds Spills Her Secrets," *American Conservative*, November 2009, http://www.amconmag.com/article/2009/nov/01/00006.

168. *Vanity Fair*, September 2005. According to the American-Turkish Council's website, "As one of the leading business associations in the United States, the American-Turkish Council (ATC) is dedicated to effectively strengthening U.S.-Turkish relations through the promotion of commercial, defense, technology, and cultural relations. Its diverse membership includes *Fortune* 500, U.S. and Turkish companies, multinationals, nonprofit organizations, and individuals with an interest in U.S.-Turkish relations." It is thus comparable to the American Security Council, the activities of which in 1963 are discussed in Scott, *Deep Politics*, e.g., 292.

Edmonds has been partially corroborated by Huseyin Baybasin, another Turkish heroin kingpin now in jail in Holland, in his book *Trial by Fire*: "I handled the drugs which came through the channel of the Turkish Consulate in England." But, as he adds, "I was with the Mafia but I was carrying this out with the same Mafia group in which the rulers of Turkey were part." Baybasin claimed he was assisted by Turkish officers working for NATO in Belgium (Adrian Gatton, "The Susurluk Legacy," *Druglink Magazine*, November/December 2006, http://adriangatton.com/archive/1990_01_01_archive.html).

169. The major exception would appear to be the Gulf War of 1990–1991. But even here some argue that the United States shares some responsibility for inducing that war. See, e.g., Edward Mortimer: "It seems far more likely that Saddam Hussein went ahead with the invasion because he believed the US would not react with anything more than verbal condemnation. That was an inference he could well have drawn from his meeting with US Ambassador April Glaspie on July 25, and from statements by State Department officials in Washington at the same time publicly disavowing any US security commitments to Kuwait but also from the success of both the Reagan and the Bush administrations in heading off attempts by the US Senate to impose sanctions on Iraq for previous breaches of international law" (*New York Review of Books*, November 22, 1990). It can also be argued that the Korean War itself deserves mention in both lists: see Peter Dale Scott, "Korea (1950), the Tonkin Gulf Incident, and 9/11: Deep Events in Recent American History," *Asia-Pacific Journal: Japan Focus*, June 22, 2008, http://japanfocus.org/-Peter_Dale_Scott/2784.

170. Marshall, *Drug Wars*, 55, citing Tad Szulc, "The Money Changer," *New Republic*, April 10, 1976, 10–11.

171. See Scott, *The War Conspiracy*.

172. Scott, "The United States and the Overthrow of Sukarno, 1965–1967," 239–64.

173. *AMPO* (Japan), January 1974, 44 (Indonesia); David E. Kaplan and Alec Dubro, *Yakuza* (New York: Macmillan, 1986), 90 (Deak); Marshall, *Drug Wars*, 54–55 (Katayama, Kodama). Both Kodama and Sasakawa were arrested by the United States for war crimes but not prosecuted. In 1941, Kodama had plotted the assassination of Japan's Prime Minister

Konoye by dynamite to block his attempted peace negotiations with the United States. Kodama then made a fortune in Shanghai during World War II, allegedly in part through his control of the drug traffic in conjunction with the *kempeitai*. Both Kodama and Sasakawa became staunch supporters of the Asian People's Anti-Communist League, which, as we have seen, has had persistent connections to the postwar Asian drug traffic.

174. Beaty and Gwynn, *The Outlaw Bank*, 48; cf. Truell and Gurwin, *False Profits*, 160. As mentioned earlier, Haq's son has persuaded me that there is no evidence to suggest that his father, the former military governor of the Northwest Frontier province, profited personally from the flow of drugs that Hekmatyar and others were moving through his province.

175. Seymour Hersh, *The Price of Power: Kissinger in the White House* (New York: Summit, 1983), 279, 290.

176. Dinges, *The Condor Years*, 190–98.

177. Robert Parry, *Secrecy and Privilege: Rise of the Bush Dynasty from Watergate to Iraq* (Arlington, VA: Media Consortium, 2004), 112–38; Scott, *The Road to 9/11*, 99–107. According to Parry, Michael Ledeen was also part of this effort.

178. "Turkey's Pivotal Role in the International Drug Trade," *Le Monde diplomatique*, July 1998, http://mondediplo.com/1998/07/05turkey. Cf. Daniele Ganser, *NATO's Secret Armies: Operation Gladio and Terrorism in Western Europe* (London: Frank Cass, 2005), 237–38. Author Claire Sterling attempted to blame the KGB for the assassination attempt, and her view that the KGB was the heart of what she called a global "terror network" was forced on CIA analysts by William Casey and Robert Gates (see note 192).

179. *Iran-Contra Affair*, Report of the Congressional Committees Investigating the Iran-Contra Affair, 100th Cong., 1st sess., House Report No. 100-433, Senate Report No. 100-216, 164, 166, 228.

180. Block and Weaver, *All Is Clouded by Desire*, 95–116. Burt Kanter, the cofounder of Castle Bank, was recurringly involved in Rappaport's IMB–BONY dealings (Block and Weaver, *All Is Clouded by Desire*, 100, 102, 193, 105, 113).

181. Scott, *The Road to 9/11*, 163–65, 351; Goltz, *Azerbaijan Diary*, 272–75.

182. Scott, *The Road to 9/11*, 167–68, citing Michel Chossudovsky, "Macedonia: Washington's Military-Intelligence Ploy," Transnational Foundation for Peace and Future Research, http://www.transnational.org/SAJT/forum/meet/2001/Chossudov_WashingtPloy.html.

183. Lernoux, *In Banks We Trust*, 72; cf. *Mother Jones*, March 1984.

184. Fineman, *A Special Relationship*, 179–80; cf. *Foreign Relations of the United States, 1952–1954* (Washington, DC: Government Printing Office), vol. 12, no. 1: 689–90.

185. Trento, *The Secret History of the CIA*, 410.

186. Susan Lynn Marquis, *Unconventional Warfare: Rebuilding U.S. Special Operations Forces* (Washington, DC: Brookings Institution Press, 1997), 156.

187. Report of the Congressional Committees Investigating the Iran-Contra Affair, 100th Cong., 1st sess., House Report No. 100-433, Senate Report No. 100-216, 164.

188. Trento, *Prelude to Terror*, 283–84.

189. Scott, *The Road to 9/11*, 52–53.

190. See Rowan Scarborough, *Sabotage: America's Enemies within the CIA* (Washington, DC: Regnery, 2007); Kenneth R. Timmerman, *Shadow Warriors: The Untold Story of Traitors, Saboteurs, and the Party of Surrender* (New York: Crown/Random House, 2007).

191. "It works like this: Blackwater, for example, will win a U.S. government contract; it will then subcontract with itself—that is, with Greystone—to do the job. From there, Greystone looks to its network of international affiliates, firms like Pizarro's Grupo Tactico in Chile or ID Systems in Colombia, which maintain informal relationships with what are known in the trade as "briefcase recruiters"—individuals with connections to the local paramilitary scene" (Bruce Falconer and Daniel Schulman, "Blackwater's World of Warcraft," *Mother Jones*, March–April 2008). Cf. Jeremy Scahill, *Blackwater: The Rise of the World's Most Powerful Mercenary Army* (New York: Nation Books, 2008).

192. This false ideology was enforced even inside the CIA. Author Claire Sterling wrote a book called *The Terror Network*, claiming "that all major terrorist groups were controlled by the Soviet Union." The book, with little credibility today, was warmly endorsed by then Secretary of State Alexander Haig, who passed it to William Casey, who presented its thesis to the Senate Select Committee on Intelligence. Casey also assigned top CIA terrorist analysts and Soviet experts to prepare a special national intelligence estimate based on Sterling's book.

When the experts reported that there was no merit to Sterling's claims, Casey's deputy director of intelligence, Robert Gates, had their negative assessment rewritten and reversed by new low-level personnel who had just arrived in the agency. See Mark Perry, *Eclipse: The Last Days of the CIA* (New York: William Morrow, 1992), 47–49, 319–20. Today, Robert Gates is America's secretary of defense, reappointed to that position by President Obama.

Chapter 8: Inside the War Machine

1. Dwight David Eisenhower, "Military-Industrial Complex Speech," 1961, http://avalon.law.yale.edu/20th_century/eisenhower001.asp.

2. Former SAIC manager, in Donald L. Barlett and James B. Steele, "Washington's $8 Billion Shadow," *Vanity Fair*, March 2007, http://www.vanityfair.com/politics/features/2007/03/spyagency200703?currentPage=1.

3. Ed Soyster, MPRI, *The Economist*, July 8, 1999.

4. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 7–9.

5. Halford J. Mackinder, *Democratic Ideals and Reality* (New York: Holt, 1919).

6. Henry Kissinger, in Colin S. Gray and G. R. Sloan. *Geopolitics, Geography, and Strategy* (Portland, OR: Frank Cass, 1999).

7. For the events leading to the displacement of Kissinger, see Scott, *The Road to 9/11*, 50–54.

8. *Le Nouvel Observateur*, January 15–21, 1998. In his relentless determination to weaken the Soviet Union, Brzezinski also persuaded Carter to end U.S. sanctions against Pakistan for its pursuit of nuclear weapons (David Armstrong and Joseph J. Trento, *America and the Islamic Bomb: The Deadly Compromise* [Hanover, NH: Steerforth, 2007]). Thus, Brzezinski's obsession with the Soviet Union helped produce, as unintended by-products, both al-Qaeda and the Islamic atomic arsenal.

9. Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (New York: Basic Books, 1997), xiii, 30, 40.

10. Memorandum of February 18, 1992, http://www.gwu.edu/~nsarchiv/nukevault/ebb245/index.htm.

11. For specific parallels to *The Grand Chessboard*, see Scott, *The Road to 9/11*, 191–92.

12. "Joint Vision 2020 Emphasizes Full-Spectrum Dominance," *DefenseLink*, http://www.defenselink.mil/news/newsarticle.aspx?id=45289, emphasis added.

13. Brzezinski was so unafraid of Islamic jihadism that, when national security adviser, he convened a working group to deliberately stir up Muslim dissatisfaction inside the Soviet Union (Scott, *The Road to 9/11*, 70–71).

14. He has since taken credit for persuading President Aliyyev of Azerbaijan to commit to the Baku-Tbilisi-Ceyhan pipeline (Zbigniew Brzezinski, "Geopolitically Speaking: Russia's 'Sphere of Influence'—Chechnya and Beyond," *Azerbaijan International*, Spring 2000, 24, http://www.azer.com/aiweb/categories/magazine/81_folder/81_articles/81_brzezinski.html). This pipeline, a favor to U.S. and British oil companies, makes geopolitical but not economic sense and is further destabilizing an already tense region. See Pepe Escobar, "Liquid War across Eurasia and the Asia-Pacific: Postcard from Pipelineistan," *The Asia-Pacific Journal: Japan Focus*, http://japanfocus.org/-Pepe-Escobar/3149.

15. Scott, *The Road to 9/11*, 70–79.

16. Dana Milbank and Justin Blum, "Document Says Oil Chiefs Met with Cheney Task Force," *Washington Post*, November 16, 2005. This story noted that chief executive officers of three majors had falsely denied this: "A White House document shows that executives from big oil companies met with Vice President Cheney's energy task force in 2001—something long suspected by environmentalists but denied as recently as last week by industry officials testifying before Congress. . . . In a joint hearing last week of the Senate Energy and Commerce committees, the chief executives of Exxon Mobil Corp., Chevron Corp. and ConocoPhillips said their firms did not participate in the 2001 task force. The president of Shell Oil said his company did not participate 'to my knowledge,' and the chief of BP America Inc. said he did not know. Chevron was not named in the White House document, but the

Government Accountability Office has found that Chevron was one of several companies that 'gave detailed energy policy recommendations' to the task force."

17. Scott, *The Road to 9/11*, 188–89, citing Linda McQuaig, "Crude Dudes," *Toronto Star*, September 20, 2004; Jane Mayer, "Contract Sport," *New Yorker*, February 16–23, 2004.

18. Scott, *The Road to 9/11*, 189; "Strategy Energy Policy: Challenges for the 21st Century," report of the James A. Baker Institute of Public Policy and Council on Foreign Relations Task Force, 40, emphasis added.

19. Seymour M. Hersh, "Selective Intelligence: Donald Rumsfeld Has His Own Special Sources. Are They Reliable?" *New Yorker*, May 6, 2003.

20. Michael Massing, "Now They Tell Us," *New York Review of Books*, February 26, 2004, http://www.nybooks.com/articles/16922.

21. Peter Bergen, "Armchair Provocateur—Laurie Mylroie: The Neocons' Favorite Conspiracy Theorist," *Washington Monthly*, December 2003, http://www.washingtonmonthly.com/features/2003/0312.bergen.html.

22. For Israel links, see Michael Lind, *Made in Texas* (New York: Basic Books, 2002), 139 (Feith); John J. Mearsheimer and Stephen M. Walt, *The Israel Lobby and U.S. Foreign Policy* (New York: Farrar, Straus and Giroux, 2007), 166 (Libby); Michael Isikoff and David Corn, *Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War* (New York: Crown, 2006), 68–70 (Mylroie).

23. Jon Wiener, "Obama's Limits: An Interview with Andrew Bacevich," *The Nation*, August 28, 2008, http://www.thenation.com/blogs/notion/350252/obama_s_limits_an_interview_with_andrew_bacevich. Cf. Andrew Bacevich, *The Limits of Power: The End of American Exceptionalism* (New York: Metropolitan Books, 2008). Michael Scheuer also argues that the campaign against terrorism took a big step backward when the United States invaded Iraq (Scheuer, "Experts Fears 'Endless' Terror War," MSNBC, July 9, 2005, http://www.msnbc.msn.com/id/8524679). Peter Bergen agrees: "Many jihadists are so happy that the Bush administration invaded Iraq. Without the Iraq war, their movement—under assault from without and riven from within—would have imploded a year or so after Sept. 11" (Bergen, "The Jihadists Export Their Rage to Book Pages and Web Pages," *Washington Post*, September 11, 2005). So does Richard A. Clarke, *Against All Enemies: Inside America's War on Terrorism* (New York: Simon & Schuster, 2004), 246: "Nothing America could have done would have provided al Qaeda and its new generation of cloned groups a better recruitment device than our unprovoked invasion of an oil-rich Arab country."

24. I am not the first to notice the analogy. See, e.g., Thomas Jäger and Gerhard Kümmel, *Private Military and Security Companies* (Wiesbaden: VS Verlag für Sozialwissenschaften, 2007), 22; Eugene B. Smith, "The New Condottieri and US Policy: The Privatization of Conflict and Its Implications," U.S. Army War College, *Parameters*, Winter 2002, http://www.carlisle.army.mil/usawc/Parameters/02winter/smith.pdf, 104.

25. Michael Mallett, *Mercenaries and Their Masters: Warfare in Renaissance Italy* (Lanham, MD: Rowman & Littlefield, 1974), 22.

26. Donald J. Kagay and L. J. Andrew Villalon, eds., *Crusaders, Condottieri, and Cannon* (Leiden: Brill Academic Publishers, 2002), 286.

27. "Iraq Reviewing Security Firms after Blackwater Shooting," FoxNews.com, September 18, 2007, http://www.foxnews.com/story/0,2933,297153,00.html.

28. "The former Betsy Prince—Edgar and Elsa's daughter, Erik's sister—married into the DeVos family, one of the country's biggest donors to Republican and conservative causes. ('I know a little something about soft money, as my family is the largest single contributor of soft money to the national Republican Party,' Betsy DeVos wrote in a 1997 Op-Ed in the Capitol Hill newspaper *Roll Call*.) She chaired the Michigan Republican Party from 1996 to 2000 and again from 2003 to 2005, and her husband, Dick, ran as the Republican candidate for Michigan governor in 2006. Erik Prince himself is no slouch when it comes to giving to Republicans and cultivating relationships with important conservatives. He and his first and second wives have donated roughly $300,000 to Republican candidates and political action committees" (Ben Van Heuvelen, "The Bush Administration's Ties to Blackwater," *Salon*, October 2, 2007, http://www.salon.com/news/feature/2007/10/02/blackwater_bush). Cf. Robert Young Pelton, *Licensed to Kill, Hired Guns in the War on Terror* (New York: Crown Books, 2006); Jeremy Scahill, *Blackwater: The Rise of the World's Most Powerful Mercenary Army* (New York: Nation Books/Avalon, 2007). On March 30, 2009, Erik Prince

announced that he was resigning as chief executive officer of Xe.

29. David Isenberg, "Corporate Mercenaries—Part 2: Myths and Mystery," *Asia Times*, May 19, 2004, http://www.atimes.com/atimes/Middle_East/FE20Ak02.html.

30. Erik Prince, owner of Blackwater, also owned a PIC, Total Intelligence Solutions, whose leadership included J. Cofer Black, former director of the CIA's Counterterrorist Center; Robert Richer, the former associate deputy director of the CIA's Directorate of Operations; and Enrique "Ric" Prado, from the CIA's Counterterrorist Center and before that the CIA's "paramilitary" Special Operations Group (Jeremy Scahill, "Blackwater: CIA Assassins?" *The Nation*, August 20, 2009, http://www.the
nation.com/doc/20090831/scahill1).

31. David Isenberg, "Myths and Mystery," *Asia Times*, May 20, 2004. While in the CIA, Bruner negotiated the deal for Ahmad Chalabi and the CIA to work together (Aram Roston, *The Man Who Pushed America to War* [New York: Nation Books, 2009], 76). Bruner later joined BGR and in 2007 became the full-time chairman of BKI Strategic Intelligence. In 2004, Bruner participated with BGR and an Israeli PMC operative in a scheme to help reelect George W. Bush (Laura Rozen, "From Kurdistan to K Street," *Mother Jones*, November 2008, http://www.motherjones.com/politics/2008/11/kurdistan-k-street).

32. Douglas Jehl, "Washington Insiders' New Firm Consults on Contracts in Iraq," *New York Times*, September 30, 2003.

33. *Financial Times*, December 11, 2003. Ed Rogers, Diligence's vice chairman, was one of George H. W. Bush's top assistants when he was U.S. president. On resigning from the White House, he negotiated a lucrative contract to act as lobbyist for the former Saudi intelligence chief and Bank of Credit and Commerce International front man Kamal Adham at a time when American and British prosecutors were preparing criminal cases against him. Rogers used Adnan Khashoggi as a go-between to secure the contract, which was canceled after White House criticism of it (Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* [Boston: Houghton Mifflin, 1992], 362–64).

34. *Financial Times*, December 11, 2003. Cf. *Mother Jones*, March/April 2004: "More recently, Bush scored a $60,000-a-year consulting deal from a top adviser to New Bridge Strategies, the firm set up by George W.'s ex-campaign manager to 'take advantage of business opportunities' in postwar Iraq. His job description: taking calls for three hours a week."

35. Tim Shorrock, *Spies for Hire: The Secret World of Intelligence Outsourcing* (New York: Simon and Schuster, 2008), 40, 41.

36. Two Booz Allen officers were also beneficiaries of the Paradise Island Bridge Company in Nassau, along with James Crosby of Resorts International, a company supplying the CIA with cover for its connections to the covert world of Paul Helliwell and Meyer Lansky (see chapter 7). Richard Nixon also had a financial interest in the Paradise Island Bridge Company (Anthony Summers with Robbyn Swann, *The Arrogance of Power: The Secret World of Richard Nixon* [New York: Viking, 2000], 244–45).

37. Shorrock, *Spies for Hire*, 43, citing *Information Week*, February 25, 2002. In 2008, Booz Allen Hamilton split into two companies: Booz Allen Hamilton, now majority owned by private equity firm The Carlyle Group, handles the government business, while Booz & Company, with the commercial contracts, is owned and operated as a partnership.

38. Shorrock, *Spies for Hire*, 51.

39. Elizabeth Brown, "Outsourcing the Defense Budget: Defense Contractors Are Writing the President's Defense Budget," Center for Public Integrity, July 29, 2004, http://projects.publicintegrity.org/report.aspx?aid=363&sid=200.

40. "SAIC, which employs 44,000 people and took in $8 billion last year—sells brainpower, including a lot of the 'expertise' behind the Iraq war. . . . [SAIC is] a 'stealth company' with 9,000 government contracts, many of which involve secret intelligence work" (Donald L. Barlett and James B. Steele, "Washington's $8 Billion Shadow," *Vanity Fair*, March 2007, http://www.vanityfair.com/politics/fea
tures/2007/03/spyagency200703?currentPage=1).

41. Barlett and Steele, "Washington's $8 Billion Shadow."

42. Barlett and Steele, "Washington's $8 Billion Shadow": "Mark A. Boster left his job as a deputy assistant attorney general in 1999 to join SAIC, and was already calling Justice three months later on behalf of his new employers—a violation of federal law. Boster paid $30,000 in a civil settlement." Yet another PIC for a while was Interop, combining former CIA director James Woolsey and former FBI director Louis Freeh with former Mossad chief Danny Yatom

(Rozen, "From Kurdistan to K Street").

43. Charlie Cray, "Science Applications International Corporation," CorpWatch, http://www.corpwatch.org/section.php?id=17; cf. Barlett and Steele, "Washington's $8 Billion Shadow."

44. Barlett and Steele, "Washington's $8 Billion Shadow."

45. Fritz W. Ermarth, "Colin Powell's Briefing to the Security Council: Brief Comments from an Ex-Intelligence Officer," *In the National Interest*, http://inthenation alinterest.com/Articles/Powell%27s%20UN%20Speech/Powell%27s%20UN%20speech %20ermarth.html. Ermarth's remarks were also posted by Laurie Mylroie, "Fritz Ermarth, Iraq & Al Qaeda, In The National Interest," February 5, 2003, http://www.mail-archive.com/sam11@erols.com/msg00040.html.

46. Anna Leander, "The Power to Construct International Security: On the Significance of Private Military Companies," *Millennium—Journal of International Studies* 33 (2005): 803, emphasis added. At the time, the *Observer* reported from "sources in the Bush administration" an allegation that "members of the al-Qaeda network, detained and interrogated in Cairo, had obtained phials of anthrax in the Czech Republic" ("Iraq 'behind US Anthrax Outbreaks,'" *Observer*, October 14, 2001, http://www.guardian.co.uk/world/2001/oct/14/terrorism.afghanistan6).

47. Chaim Kaufmann, "Threat Inflation and the Failure of the Marketplace of Ideas," *International Security*, Summer 2004, http://muse.jhu.edu/journals/interna tional_security/v029/29.1kaufmann.html. Neither SAIC nor Diligence is mentioned in his essay.

48. Shorrock, *Spies for Hire*, 36–37.

49. Marilyn W. Thompson, "The Pursuit of Steven Hatfill," *Washington Post*, September 14, 2003 (Hatfill-SAIC). At the time, Laurie Mylroie said on CNN that "it takes a highly sophisticated agency to produce anthrax in the lethal form. Not many parties can do that." Saddam Hussein "continues his part of the war in the form of terrorism. It is unlikely that anthrax will remain in letters. It is likely that it will be used in the subway of a city, or in the ventilation system of a U.S. building. Saddam wants revenge against us. He wants to do to the U.S. what we've done to Iraq" (CNN, October 29, 2001, http://archives.cnn.com/2001/COMMUNITY/10/29/mylroie).

50. Glenn Greenwald, "Vital Unresolved Anthrax Questions and ABC News," *Salon*, August 1, 2008, http://www.salon.com/opinion/greenwald/2008/08/01/anthrax.

51. Cf. *Time*, November 26, 2001: "While Daschle, the Senate majority leader, could have been chosen as a representative of all Democrats or of the entire Senate, Leahy is a less obvious choice, most likely targeted for a specific reason. He is head of the Senate Judiciary Committee, which is involved in issues ranging from antitrust action to *antiterror legislation*" (emphasis added). See also Anthony York, "Why Daschle and Leahy?" *Salon*, November 21, 2001, http://dir.salon.com/story/politics/feature/2001/11/21/anthrax/index.html.

52. Shorrock, *Spies for Hire*, 344.

53. Julian Assange, "The Spy Who Billed Me Twice," Wikileaks, http://wikileaks .org/wiki/The_spy_who_billed_me_twice. The March 2009 army manual "US Army Concept of Operations for Police Intelligence Operations" contains phrases such as "It [fusion] does not have constraints that are emplaced on MI [military intelligence] activities within the US, because it operates under the auspice and oversight of the police discipline and standards."

54. Phil Leggiere, "Napolitano Praises Fusion Centers," *HSToday*, March 13, 2009, http://www.hstoday.us/content/view/7616/149.

55. Assange, "The Spy Who Billed Me Twice."

56. "Cheney Firm Won $3.8bn Contracts from Government," *Observer*, July 21, 2002, http://www.guardian.co.uk/world/2002/jul/21/globalisation.georgebush.

57. *Novyi Region*, November 27–30, 2006: English summary in "U.S. Companies Linked to Vice-President Cheney Supervised the Transfar of Ukrainian WMD to Iran," Left.ru, http://www.left.ru/burtsev/ops/novyiregion.phtml.

58. *PravdaInfo*, September 2, 2005, http://www.pravda.info/news/3601.html.

59. Yuri Yasenev, "Rossiyu zhdet oranzhevaya revolytsiya" ("An Orange Revolution Is in Store for Russia"), compromat.ru, December 17, 2004, http://www .compromat.ru/main/surikov/saidov.htm; partial translation at http://www.left.ru/burtsev/ops/yasenev_en.phtml: Yasenev implied that in 2003–2004, Georgia Far West had worked

with KBR on the two Rose Revolutions that ousted Shevardnadze and installed Georgia's present ruler, Saakashvili (Peter Dale Scott, "The Global Drug Meta-Group: Drugs, Managed Violence, and the Russian 9/11," *Lobster*, October 29, 2005, http://www.lobster-magazine.co.uk/articles/global-drug.htm).

60. "—Vladimir Ilyich [Filin], is it true that Americans are involved in drug business?

—Yes, they are in ideal situation for this. They control the Bagram airfield from where the Air Force transport planes fly to a U.S. military base in Germany. In the last two years this base became the largest transit hub for moving Afghan heroin to other US bases and installations in Europe. Much of it goes to Kosovo in the former Yugoslavia. From there the Kosovo Albanian mafia moves heroin back to Germany and other EU countries" (Alexander Nagorny, "Narkobarony iz CIA i MI-6," *PravdaInfo*, September 13, 2004, translated into English at Left.ru, http://left.ru/inter/2005/
narkobarons.phtml).

61. John B. Dunlop, "'Storm in Moscow': A Plan of the Yeltsin 'Family' to Destabilize Russia," Hoover Institution, October 8, 2004, http://www.sais-jhu.edu/programs/res/papers/Dunlop%20paper.pdf. This article disappeared from the Johns Hopkins University's SAIS website shortly after my critique of it was published in October 2005.

62. David Satter, "The Shadow of Ryazan: Is Putin's Government Legitimate: Is Putin's Government Legitimate?" *National Review*, April 30, 2002, http://www.na
tionalreview.com/comment/comment-satter043002.asp. Cf. David Satter, *Darkness at Dawn: The Rise of the Russian Criminal State* (New Haven, CT: Yale University Press, 2003), chap. 2.

63. Patrick Cockburn, *Independent*, January 29, 2000: "Boris Kagarlitsky, a member of the Russian Academy of Sciences Institute of Comparative Politics, writing in the weekly Novaya Gazeta, says that the bombings in Moscow and elsewhere were arranged by the GRU (the Russian military intelligence service). He says they used members of a group controlled by Shirvani Basayev, brother of the Chechen warlord Shamil Basayev, to plant the bombs. These killed 300 people in Buikask, Moscow and Volgodonsk in September. Mr Kagarlitsky, who, from internal evidence in the article, is drawing on a source with close knowledge of the GRU, says that invasion of Dagestan by Shamil Basayev himself in August was pre-arranged with a senior Kremlin leader at a meeting in France in July."

64. Dunlop, "'Storm in Moscow.'"

65. Letter of Anton Surikov to Oleg Grechenevsky: "I am personally acquainted with Mr. Ermarth as political scientist since 1996. It's well known by many people and we never hid this fact." Fritz Ermarth did not retire from the CIA until 1998. Cf. *Argumenty i Facty*, September 15, 1999, http://www.aif.ru/oldsite/986/art010
.html. That the two men met in 1996 was indeed public knowledge. (The Russian journal *Commersant* published a photo of the two men and others at the International Seminar on Global Security in Virginia in April 1996). However, in 2002, Surikov's paper, Pravda.ru, published a front-page story (or, better, rumor) linking Ermarth to Surikov's enemy Berezovsky: "Berezovsky is much more interesting from the point of view of different manipulations in domestic and partially in foreign political life. For this very purpose, British special services 'handed Berezovsky over' to American colleagues. We have information that Fritz Ermarth, former CIA officer and specialist on special operations in the East-European region, is in close contact with the oligarch. Russiagate, the scandal on Russian budgetary finance laundering through BONY in August to September of 1998, was one of his projects. He is in contact with Former CIA Director Woolsey, who has no official job in Washington but is known as a person close to Cheney. It is not ruled out that it was Ermarth who suggested that Berezovsky switch his attention from the weak and unpromising micro-party Liberal Russia to financing and cooperation with the Communist Party" (http://english
.pravda.ru/politics/2002/10/09/37954.html).

66. Left.ru Press Conference, http://left.ru/2005/11/preskonf_eng.html.

67. Scott, "The Global Drug Meta-Group," http://lobster-magazine.co.uk/articles/global-drug.htm#_ftn9; and Peter Dale Scott, "The Tao of 9/11," Jacket 34, October 2007, http://jacketmagazine.com/34/scott-p-d-5p.shtml.

68. Dunlop, "'Storm in Moscow.'"

69. In a revised version of my paper I delivered at a symposium at the University of Melbourne, August 12, 2006.

70. Laurie Nowell, "Did an Aussie Sell Nukes to Iran?" *Sunday Herald Sun*, June 7, 2009: "'He said my father had been killed because the people at Far West and their Iranian partners

feared the Americans would get to him and make him tell them about the missiles. They feared that he knew too much information about their dealings, and knew more information than anybody else.' Far West's partners, all former Russian or Ukrainian military or intelligence officers, had close contacts with military figures and mafia groups within Russia and its former satellites. They spirited the missiles out of the Ukraine and shipped them to Cyprus under the auspices of a company called SH Heritage Holdings—whose owner and sole director was Sarfraz Haider."

71. *Kommersant-Ukraina*, Kiev, July 17, 2007, 3, as reported by BBC Monitoring Kiev Unit, July 18, 2007.

72. "X-55 Long Range Cruise Missile," GlobalSecurity.org, http://www.globalsecu
rity.org/wmd/world/iran/x-55.htm. Cf. *Financial Times*, March 18, 2005.

73. Moisés Naím, *Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy* (New York: Anchor, 2006), 279–80.

74. "US Companies Linked to Vice-President Cheney Supervised the Transfer of Ukrainian WMD to Iran," Burtsev.ru, http://left.ru/burtsev/ops/novyiregion.phtml.

75. *PravdaInfo*, November 16, 2005, reported in English by Left.ru, "'Consulting' Agency Far West, LLC Paid $3 Million Bribe to Ukrainian Official for Illegal Arms Deals with Syria and Iran," Left.ru, February 18, 2006, http://www.left.ru/burtsev/ops/lysenko.phtml. According to Left.ru, Filin's admission was in response to an article by Ivan Demidov in the Ukrainian journal *Obkom*. Demidov accused two of Filin's Far West partners, Ukrainian Generals Leonid Kosyakov and Alexei Likhvintsev, and the Russian billionaire Vyacheslav Kantor, adviser to Yushchenko, of seeking to obtain control over two Ukrainian seaports, in Odessa and Ilyichevsk. Demidov's article ("Who Squeezes Juice from 'Drug-Injected Oranges'") hinted that under the guise of fertilizers to be exported to South America by Kantor's company Akron, the group planned to transport drugs. It also reprinted a letter from a Ukrspetsexport official listing Far West's business partners: KBR Halliburton (United States), Diligence Iraq LLC (Kuwait), and Meteoric Tactical Solutions (South Africa). And according to
Left.ru, Demidov's article "alleges that Fritz Ermarth, formerly high ranking official in the CIA, NSC, and NIC, plays the role of the 'supervisor' of this GRU group on the part of the FWL's chief partner: KBR Halliburton and the Dick Cheney circle."

76. Editorial staff of burtsev.ru, http://www.left.ru/burtsev/ops/bolivia.phtml, citing Vladimir Filin, *PravdaInfo*, July 29, 2005, http://www.pravda.info/news/3377
.html. Cf. *Financial Times*, March 18, 2005. The relocation followed Filin's announcement that Far West had paid bribes paid to Ukrainian officials. Cf. *Boston Globe*, February 12, 2006, A1.

77. Natalia Roeva, *PravdaInfo*, February 24, 2006, partially translated. Roeva is herself a partner in Far West.

78. Far West has planted destabilizing rumors to discredit both the United States and Russia. Ruslan Saidov has "accused the high ranking officer of US military intelligence (DIA) Colonel Caleb Temple and his colleagues of running a heroin operation in the Near East and using the *hawala* money-transfer system for money laundering" (http://left.ru/burtsev/ops/hawala.phtml). In August 2009, Vladimir Filin claimed that the recently hijacked ship the *Arctic Sea*, under the cover of a load of Finnish timber, was delivering a shipment of weapons to Iran via Algeria (Cristina Batog, "The Truth Is Adrift with the Arctic Sea," *Asia Times*, August 26, 2009, http://www.atimes.com/atimes/Central_Asia/KH26Ag01.html); cf. J. R. Nyquist, "Never Ask the Wolves to Help You against the Dogs," GodlikeProductions.com, August 21, 2009, http://www.godlike
productions.com/bbs/reply.php?messageid=869607&page=1&quote=13460278.

79. DIA Report of September 23, 2991, "Subj: (U) IIR [DELETED]/Narcotics—Colombian Narco-Trafficker Profiles," http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB131/dia910923.pdf. Cf. *New York Times*, August 2, 2004.

Chapter 9: 9/11 and the American Tradition of Engineered Deep Events

1. James G. Hershberg, "Before 'The Missiles of October': Did Kennedy Plan a Military Strike against Cuba?" in *The Cuban Missile Crisis Revisited*, ed. James A. Nathan (New York: St. Martin's Press, 1992), 242.

2. Joint Chiefs of Staff, "Courses of Action Related to Cuba (Case II)," Report of the J-5 to the Joint Chiefs of Staff, May 1, 1963, NARA #202-10002-10018, 21, http://www .maryferrell.org/mffweb/archive/viewer/showDoc.do?docId=167&relPageId=21.

3. John J. Farmer, *The Ground Truth: The Untold Story of America under Attack on 9/11* (New York: Riverhead, 2009). 9/11 Commissioner Tim Roemer also told CNN on August 2, 2006, that "we were extremely frustrated with the false statements we were getting."

4. Marilyn W. Thompson, "The Pursuit of Steven Hatfill," *Washington Post*, September 14, 2003 (Hatfill–Science Applications International Corporation). At the time, Laurie Mylroie said on CNN that "it takes a highly sophisticated agency to produce anthrax in the lethal form. Not many parties can do that." Saddam Hussein "continues his part of the war in the form of terrorism. It is unlikely that anthrax will remain in letters. It is likely that it will be used in the subway of a city, or in the ventilation system of a U.S. building. Saddam wants revenge against us. He wants to do to the U.S. what we've done to Iraq" (CNN, October 29, 2001, http://archives.cnn .com/2001/COMMUNITY/10/29/mylroie).

5. Simon Reeve, "Scientists Link Iraq to Anthrax Terror Attacks," *Sunday Mail* (London), October 28, 2001. It would be interesting to learn the identity of Reeve's "scientists."

6. Glenn Greenwald, "Vital Unresolved Anthrax Questions and ABC News," *Salon*, August 1, 2008, http://www.salon.com/opinion/greenwald/2008/08/01/anthrax. Cf. Richard Butler, ambassador in residence at the Council on Foreign Relations, *New York Times*, October 18, 2001: "Meetings between Mohamed Atta, who is thought to have been an organizer of the Sept. 11 attacks, and an Iraqi intelligence official in Prague in June 2000 may have been an occasion on which anthrax was provided to Mr. Atta. There have also been reports of meetings between senior Iraqi intelligence officials and members of Al Qaeda." Butler's claims about Iraq, Atta, anthrax, and al-Qaeda have also since been discredited, although Richard Cheney and his colleague James Woolsey continue to assert them. Cf. *The 9/11 Commission Report*, 66, 228–29.

7. Cf. *Time*, November 26, 2001: "While Daschle, the Senate majority leader, could have been chosen as a representative of all Democrats or of the entire Senate, Leahy is a less obvious choice, most likely targeted for a specific reason. He is head of the Senate Judiciary Committee, which is involved in issues ranging from antitrust action to *antiterror legislation*" (emphasis added). See also Anthony York, "Why Daschle and Leahy?" *Salon*, November 21, 2001, http://dir.salon.com/story/politics/feature/2001/11/21/anthrax/index.html.

8. See, e.g., Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 341–96.

9. Joint Chiefs of Staff, Memorandum for the Secretary of Defense, March 13, 1962 (Northwoods Document), 1, NARA # 202-10002-10404, 128, reproduced in Michael C. Ruppert, *Crossing the Rubicon: The Decline of the American Empire at the End of the Age of Oil* (Gabriola Island, BC: New Society Publishers, 2004), 595.

10. Notes on National Security Meeting, July 20, 1961, in James K. Galbraith and Heather A. Purcell, "Did the U.S. Military Plan a Nuclear First Strike for 1963?" *American Prospect*, Fall 1994, 88; cf. James W. Douglass, *JFK and the Unspeakable: Why He Died and Why It Matters* (Maryknoll, NY: Orbis Books, 2008), 235.

11. Douglass, *JFK and the Unspeakable*, 239–40.

12. Joint Chiefs of Staff, "Courses of Action Related to Cuba (Case II)," Report of the J-5 to the Joint Chiefs of Staff, May 1, 1963, NARA #202 -10002-10018, 21, http://www.maryferrell.org/mffweb/archive/viewer/showDoc .do?docId=167&relPageId=21.

13. Joint Chiefs of Staff, "Courses of Action Related to Cuba (Case II)," Report of the J-5 to

the Joint Chiefs of Staff, May 1, 1963, NARA #202-10002-10018, 4.

14. Gareth Porter, *Perils of Dominance: Imbalance of Power and the Road to War in Vietnam* (Berkeley: University of California Press, 2005), 265, cf. 148.

15. E.g., Memorandum from the Joint Chiefs of Staff to President Kennedy, November 16, 1962, JCSM-910-62, http://avalon.law.yale.edu/20th_century/msc
_cuba186.asp: "The Joint Chiefs of Staff are glad to report that our Armed Forces are in an optimum posture to execute CINCLANT OPLANS 312-62 (Air Attack in Cuba)(1) and 316-62 (Invasion of Cuba). (2) We are not only ready to take any action you may order in Cuba, we are also in an excellent condition world-wide to counter any Soviet military response to such action."

16. Telegram from the Headquarters of the Commander in Chief, Atlantic, to the Headquarters of the Commander in Chief, Atlantic Fleet, September 21, 1962, *Foreign Relations of the United States*, *1961–1963* [hereinafter *FRUS*], vol. 10, 1082–83.

17. Hershberg, "Before 'The Missiles of October,'" 242.

18. Stephen G. Rabe, *The Most Dangerous Area in the World: John F. Kennedy Confronts Communist Revolution in Latin America* (Chapel Hill: University of North Carolina Press, 1999), 107.

19. In the single month of March 1962, the Secret Army Organization (OAS) set off an average of 120 bombs per day ("The Generals' Putsch," http://countrystudies
.us/algeria/34.htm).

20. Roger Faligot and Pascal Krop, *DST, Police Secrète* (Paris: Flammarion, 1999), 174.

21. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 14, 181–82, citing Fabrizio Calvi and Frédéric Laurent, *Piazza Fontana: La Verità su una Strage* (Milan: Mondadori, 1997), 109.

22. James Bamford, *Body of Secrets* (New York: Doubleday, 2001), 82.

23. Gareth Jenkins, "Susurluk and the Legacy of Turkey's Dirty War," *Terrorism Monitor*, May 1, 2008, http://www.jamestown.org/terrorism/news/article.php
?articleid=2374142.

24. Nicholas Birch, *Irish Times*, November 26, 2005, http://www.ireland.com/newspaper/world/2005/1126/1908792893FR26TURKEY.html. Former Turkish president and prime minister Suleyman Demirel later commented on this incident that "it is fundamental principle that there is one state. In our country there are two. . . . There is one deep state and one other state . . . . The state that should be real is the spare one, the one that should be spare is the real one" (Jon Gorvett, "Turkey's 'Deep State' Surfaces in Former President's Words, Deeds in Kurdish Town," *Washington Report on Middle East Affairs*, January/February 2006, http://www.washington-report
.org/archives/Jan_Feb_2006/0601037.html).

25. Jenkins, "Susurluk and the Legacy of Turkey's Dirty War." A Google search on June 7, 2008, for "Semdinli + PKK" in major world English-language publications yielded 157 results. Of these, only two were from the United States. Of these one (*Washington Times*, December 6, 2005) did not mention the deep state's involvement in the incident at all. The other (*Newsweek*, November 28, 2005) defined the deep state without mentioning its underworld involvement. A similar search for "deep state" revealed the same paucity of coverage in the U.S. media.

26. Scott, *The Road to 9/11*, 4–7, 14–17.

27. Scott, *The Road to 9/11*, 121–22, 124–27, 163–69.

28. Scott, *The Road to 9/11*, 139–42, 150–60; Peter Lance, *Triple Cross: How bin Laden's Master Spy Penetrated the CIA, the Green Berets, and the FBI—And Why Patrick Fitzgerald Failed to Stop Him* (New York: Regan/HarperCollins, 2006).

29. Scott, *The Road to 9/11*, 153, citing *Toronto Globe and Mail*, November 22, 2001. It is no accident that the mainstream U.S. press have been silent concerning not only this important fact but also the two books recording it: Lance's *Triple Cross* and my own *The Road to 9/11*. *Triple Cross* finally got mentioned by name in the *New York Times* but only because its publisher, Judith Regan, was dismissed by Rupert Murdoch's News Corporation (*New York Times*, December 19, 2006).

30. I have argued elsewhere that the FBI was possibly not informed for the same reason that the CIA, in October 1963, withheld important information from the FBI about Lee Harvey Oswald—namely, that all three had already been selected as designated culprits for an ensuing disaster so that it was important that the FBI not interfere with their movements. See

Scott, *The War Conspiracy*, 354–57, 387–91.

31. Lawrence Wright, "The Agent," *New Yorker*, July 10 and 17, 2006, 68; discussion in Scott, *The War Conspiracy*, 388–89.

32. "The CIA believed that Jordanian physician Humam Khalil Abu-Mulal al-Balawi would help it infiltrate Islamist extremist groups—even find Ayman al-Zawahiri, al-Qaeda's elusive No. 2. But this informant, it turned out, was also an assassin, whose Dec. 30 suicide bombing of an Afghanistan CIA base killed seven agency employees" (Claire Suddath, "Brief History: Double Agents," *Time*, January 25, 2010, http://www.time.com/time/magazine/article/0,9171,1953712,00
.html#ixzz0ccXO8nJI).

33. I include Laos in this list because of the staged charade in which Joseph Alsop, after being shown four villagers, one with a leg wound, then proclaimed that Laos had suffered a "full-scale artillery-backed invasion from Communist North Viet-Nam" (see chapter 4).

34. In addition, events in Colombia were misrepresented outrageously by Vice President George H. W. Bush and others to justify a secret U.S. National Security Decision Directive 221 in April 1986 that led eventually to Bush's militarization of drug interdiction and aggressive "Andean initiative" in 1989. See Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: The CIA, Drugs, and Armies in Central America* (Berkeley: University of California Press, 1998), 94–103; Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 87–88.

35. Bruce Cumings, *The Origins of the Korean War*, vol. 2 (Princeton, NJ:
Princeton University Press, 1990), 611, 613, emphasis added, quoting William R. Corson, *The Armies of Ignorance: The Rise of the American Intelligence Empire* (New York: Dial, 1977), 315–21, whole passage quoted in Scott, *Drugs, Oil, and War*, 61. Nor am I prepared to add Panama in 1989 to the list, although it has been alleged that one of the incidents cited as grounds for the invasion—the killing of an unarmed marine named Robert Paz—was possibly the result of a provocation. ("It was also reported by the *Los Angeles Times* that 'according to American military and civilian sources' the officer killed was a member of the 'Hard Chargers,' a group whose goal was to agitate members of the PDF. It was also reported that the group's 'tactics were well known by ranking U.S. officers' who were frustrated by 'Panamanian provocations committed under dictator Manuel A. Noriega'" (Wikipedia, "United State Invasion of Panama," citing *Los Angeles Times*, December 22, 1990, "Some Blame Rogue Band of Marines for Picking Fight, Spurring Panama Invasion").

36. *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks on the United States*, authorized ed. (New York: Norton, 2004), 261–62.

37. Bamford, *Body of Secrets*, 301. William Bundy took issue with this judgment, arguing that escalating the war north "didn't fit in with our plans at all" (Robert McNamara, "The Tonkin Gulf Resolution," in *Light at the End of the Tunnel: A Vietnam War Anthology*, ed. Andrew Jon Rotter [New York: St. Martin's Press, 1991], 83). But Ball was correct in reporting that bombing fit in with *some* people's plans.

38. Fredrik Logevall, *Choosing War: The Lost Chance for Peace and the Escalation of War in Vietnam* (Berkeley: University of California Press, 1999), 200, citing John Prados, *The Hidden History of the Vietnam War* (Chicago: Ivan R. Dee, 1995), 51.

39. Porter, *Perils of Dominance*, 200–201. Cf. *FRUS, 1964-1968*, vol. 1, 714–15.

40. "Department of Defense Actions to Implement NSAM No. 273, 26 November 1963," Enclosure D for meeting of Admiral H. D. Felt with JCS, December 11, 1963, NARA #202-10002-10109. The same document points out that "CIA guidance to Saigon Station for intensified planning was dispatched following the Honolulu Conference (CAS 84972, November 25, 1963). As James Galbraith has commented pertinently, "In other words, the CIA began developing intensified plans to implement OPLAN 34A, the program of seaborne raids and sabotage against North Vietnam that would lead to the Gulf of Tonkin incident and eventually to the wider war, one day before President Johnson signed the directive authorizing that action" (James K. Galbraith, "Exit Strategy: In 1963, JFK Ordered a Complete Withdrawal from Vietnam," *Boston Review*, November 24, 2003, http://www.bostonreview.net/BR28.5/galbraith
.html).

41. Galbraith, "Exit Strategy"; cf. John Newman, *JFK and Vietnam: Deception, Intrigue, and the Struggle for Power* (New York: Warner Books, 1992), 434; Scott, *The War Conspiracy*, 294.

42. Scott, *The War Conspiracy*, 294–95.

43. Memorandum for the Secretary of Defense, March 13, 1962 (Northwoods Document), NARA #202-10002-10404.

44. Robert J. Hanyok, "Skunks, Bogies, Silent Hounds, and the Flying Fish: The Gulf of Tonkin Mystery, 2–4 August 1964," *Cryptologic Quarterly*, declassified in National Security Archive Electronic Briefing Book No. 132, http://www.gwu .edu/~nsarchiv/NSAEBB/NSAEBB132/relea00012.pdf.

45. Ray McGovern, "CIA, Iran and the Gulf of Tonkin," *ConsortiumNews*, January 12, 2008, http://www.consortiumnews.com/2008/011108a.html.

46. Scott, *The War Conspiracy*, 132, cf. 67, citing Roger Hilsman, *To Move a Nation* (Garden City, NY: Doubleday, 1967), 314, 318.

47. Scott, *The War Conspiracy*, 88, 93–103.

48. "National Security Advisor Holds Press Briefing," May 16, 2002, http://www .whitehouse.gov/news/releases/2002/05/20020516-13.html. We now know that on 9/11 there were a number of war games and exercises, including an exercise at the National Reconnaissance Office near Dulles Airport, testing responses "if a plane were to strike a building" (Scott, *The Road to 9/11*, 215–16; *Evening Standard* [London], August 22, 2002; *Boston Globe*, September 11, 2002, http://www.boston.com/news/packages/sept11/ anniversary/wire_stories/0903_plane_exercise.htm).

49. *9/11 Commission Report*, 259, 271; Lawrence Wright, *The Looming Tower: Al-Qaeda and the Road to 9/11* (New York: Knopf, 2006), 352–54 (FBI agent). After 9/11 another FBI agent was even more bitter: "They [CIA] didn't want the bureau meddling in their business—that's why they didn't tell the FBI. . . . And that's why September 11 happened. That is why it happened. . . . They have blood on their hands. They have three thousand deaths on their hands" (James Bamford, *A Pretext for War: 9/11, Iraq, and the Abuse of America's Intelligence Agencies* [New York: Doubleday, 2004], 224).

50. Clarence M. Kelley, *Kelley: The Story of an FBI Director* (Kansas City, MO: Andrews, McMeel, and Parker, 1987), 268, quoted in Scott, *The War Conspiracy*, 389.

51. Jefferson Morley, *Our Man in Mexico: Winston Scott and the Hidden History of the CIA* (Lawrence: University Press of Kansas, 2008), 196–98; discussion in Scott, *The War Conspiracy*, 387–88.

52. Wright, "The Agent," 68; discussion in Scott, *The War Conspiracy*, 388–89.

53. Particularly conspicuous in the Iran-Contra scandal was, once again, the involvement of its major players—the Bank of Credit and Commerce International, the Contras, and Contra supply network—in international drug trafficking. See Alfred W. McCoy, *The Politics of Heroin* (Chicago: Lawrence Hill Books/Chicago Review Press, 2001), 480, 490–500; Scott and Marshall, *Cocaine Politics*.

54. Scott, *Deep Politics and the Death of JFK*, 280.

55. Public Law 90-331 (18 U.S.C. 3056); discussion in Peter Dale Scott, Paul L. Hoch, and Russell Stetler, *The Assassinations: Dallas and Beyond* (New York: Random House, 1976), 443–46.

56. George O'Toole, *The Private Sector* (New York: Norton, 1978), 145, quoted in Scott, *Deep Politics and the Death of JFK*, 278–79.

57. Joan M. Jensen, *Army Surveillance in America, 1775–1980* (New Haven, CT: Yale University Press, 1991), 244.

58. *9/11 Commission Report*, 38, 326; Scott, *The Road to 9/11*, 228–29.

59. Scott, *The Road to 9/11*, 238, 240–41.

60. Alphonso Chardy, "Reagan Aides and the 'Secret' Government," *Miami Herald*, July 5, 1987; Scott, *The Road to 9/11*, 241.

61. Scott, *The Road to 9/11*, 183–87.

62. Republican Senators Heinz and Tower also died in plane crashes but after collisions between two aircraft. Conservative Democrat Larry McDonald died when the civilian airliner KAL 007 was shot down by Soviet interceptors in September 1983.

63. Michael Parenti, *Dirty Truths* (San Francisco: City Lights Books, 1996), 201, 206: "In the years before the fatal crash there had been assassination attempts against Walter and Victor [Reuther]. (Victor believes the attempt against him was intended as a message to Walter.) In each of these instances, state and federal law-enforcement agencies showed themselves at best lackadaisical in their investigative efforts, suggesting the possibility of official collusion or at least tolerance for the criminal deeds. . . . Third, like the suspicious near-crash that occurred the previous year, the fatal crash also involved a faulty altimeter in a small plane. It is a

remarkable coincidence that Reuther would have been in two planes with the exact same malfunctioning in that brief time frame. . . . In a follow-up interview with us, Victor further noted: 'Animosity from government had been present for some time [before the fatal crash]. It was not only Walter's stand on Vietnam and Cambodia that angered Nixon, but also I had exposed some CIA elements inside labor, and this was also associated with Walter. . . . There is a fine line between the mob and the CIA. There is a lot of crossover. Throughout the entire history of labor relations there is a sordid history of industry in league with Hoover and the mafia. . . . You need to check into right-wing corporate groups and their links to the national security system.' Checking into such things is no easy task. The FBI still refuses to turn over nearly 200 pages of documents regarding Reuther's death, including the copious correspondence between field offices and Hoover. And many of the released documents—some of them forty years old—are totally inked out. It is hard to fathom what national security concern is involved or why the FBI and CIA still keep so many secrets about Walter Reuther's life and death."

64. See discussion in Jack N. Rakove, "Taking the Prerogative Out of the Presidency: An Originalist Perspective," *Presidential Studies Quarterly* 37, no. 1 (March 1, 2007): 85–100; Frederick A. O. Schwarz Jr. and Aziz Z. Huq, *Unchecked and Unbalanced: Presidential Power in a Time of Terror* (New York: Rodale, 2007), 153–58.

65. Interview with David Frost, aired May 11, 1977, in Schwarz and Huq, *Unchecked and Unbalanced*, 159; Robert D. Sloane, "The Scope of Executive Power in the Twenty-First Century: An Introduction," *Boston University Law Review* 88 (2000): 341, http://www.bu.edu/law/central/jd/organizations/journals/bulr/documents/SLOANE.pdf, 346.

66. Jack Goldsmith, *The Terror Presidency: Law and Judgment inside the Bush Administration* (New York: Norton, 2007), 82.

67. Goldsmith, *The Terror Presidency*, 183.

68. *Minority Report, Report of the Congressional Committees Investigating the Iran-Contra Affair*, 100th Congress, 1st sess., House Report No. 100-433, Senate Report No. 100-216, 465.

69. Schwarz and Huq, *Unchecked and Unbalanced*, 174.

70. Schwarz and Huq, *Unchecked and Unbalanced*, 72; cf. Sloane, "The Scope of Executive Power in the Twenty-First Century," 347.

71. Cf. the investigative journalist and media critic Philip Weiss, "When Black Becomes White," in *Into the Buzzsaw: Leading Journalists Expose the Myth of a Free Press*, ed. Kristina Borjesson (Amherst, NY: Prometheus Books, 2002), 186: "The mainstream media's response [to theories of the Kennedy assassination] has been a dull one—to solemnly and stoically report the government's assertions, over and over."

72. Scott, *The War Conspiracy*, 10, 383, 395.

73. Gabriel Kolko, *The Roots of American Foreign Policy* (Boston: Beacon Press, 1969), xii–xiii.

74. James Risen and Eric Lichtblau, "Spying Program Snared U.S. Calls," *New York Times*, December 21, 2005.

75. Gareth Porter, "Attack Iran? Cheney's Already Tried," AlterNet, June 10, 2008, http://www.alternet.org/audits/87488: "Pentagon officials firmly opposed a proposal by Vice President Dick Cheney last summer [2007] for air strikes against the Iranian Revolutionary Guards Corps bases by insisting that the administration would have to make clear decisions about how far the United States would go in escalating the conflict with Iran, according to a former George W. Bush administration official. J Scott Carpenter, who was then deputy assistant secretary of state in the State Department's Bureau of Near Eastern Affairs, recalled in an interview that senior Defense Department officials and the JCS used the escalation issue as the main argument against the Cheney proposal. McClatchy newspapers reported last August that Cheney had proposal several weeks earlier 'launching airstrikes at suspected training camps in Iran,' citing two officials involved in Iran policy."

76. Borjesson, *Into the Buzzsaw*, 13. Even former George W. Bush spokesman Scott McClellan has referred to the media in his book as "complicit enablers" of Bush administration war propaganda (Scott McClellan, *What Happened: Inside the Bush White House and Washington's Culture of Deception* [New York: Public Affairs, 2008], 70, 125).

77. *Washington Post*, September 8, 2006. Cf. BBC, "Paranoia Paradise," April 4, 2002, http://news.bbc.co.uk/2/hi/uk_news/1909378.stm. The common tactic of such essays is to focus on absurdly eccentric beliefs and try to pass them off as representative of all those

criticizing received anticonspiratorial opinion.

78. E.g., Paul L. Atwood, "War and Empire Are and Always Have Been the American Way of Life," Global Policy Forum, February 2006, http://www.globalpolicy.org/empire/history/2006/022006history.htm.

79. Alexander Cockburn, "The Age of Irrationality: The 9/11 Conspiracists and the Decline of the American Left," *CounterPunch*, November 28, 2006, http://www.counterpunch.org/cockburn11282006.html.

80. Cumings, *The Origins of the Korean War*, 123, cf. 13–14; Herbert Franz Schurmann, *The Logic of World Power: An Inquiry into the Origins, Currents, and Contradictions of World Politics* (New York: Random House, 1974).

81. Michael Klare, *Beyond the "Vietnam Syndrome"* (Washington, DC: Institute for Policy Studies, 1981).

82. E.g., Robert Wright, "All Quiet on the Western Front," *Slate*, October 11, 2001 http://www.slate.com/id/117170.

83. Scott, *The Road to 9/11*, 57–61. Cf. Jerry Sanders, *Peddlers of Crisis: The Committee on the Present Danger and the Politics of Containment* (Boston: South End Press, 1983).

84. L. Fletcher Prouty, *The Secret Team: The CIA and Its Allies in Control of the United States and the World* (1997), http://www.ratical.org/ratville/JFK/ST.

85. Prouty, *The Secret Team*, chap. 2.

86. G. William Domhoff, quoted in *Conspiracies, Cover-Ups, and Crimes: Political Manipulation and Mind Control in America*, by Jonathan Vankin (New York: Paragon House, 1991), 125–26.

87. Scott, *Deep Politics and the Death of JFK*, 11.

88. Parenti, *Dirty Truths*, 188.

89. This has been doubted in the case of the JFK assassination, notably by Noam Chomsky. For my latest contribution to this old argument, see Scott, *The War Conspiracy*, 285–340.

90. Scott, *The War Conspiracy*, 14; Michael Standaert, *Skipping towards Armageddon: The Politics and Propaganda of the Left Behind Novels and the LaHaye Empire* (Brooklyn, NY: Soft Skull Press, 2006), 112–14.

91. Charlie Savage, *Takeover: The Return of the Imperial Presidency and the Subversion of American Democracy* (New York: Little, Brown, 2007), 51. Strangely, Savage does not mention COG by name, but he refers to the decade of COG planning in the 1980s as evidence for his case that a "cabal of zealots" has been planning for "the return of the imperial presidency" ever since Cheney and Rumsfeld lost their posts in the Ford administration.

92. U.S. Senate Select Committee on Intelligence and U.S. House Permanent Select Committee on Intelligence, *Joint Inquiry into Intelligence Community Activities before and after the Terrorist Attacks of September 11, 2001*, Senate Report 107-351.

93. Philip Shenon, *The Commission: The Uncensored History of the 9/11 Investigation* (New York: Twelve/Hachette, 2008), 54–55.

94. "Addressing the nation from the Oval Office in 2005 after the first disclosures of the NSA's warrantless electronic surveillance became public, Bush insisted that the spying program in question was reviewed 'every 45 days' as part of planning to assess threats to 'the continuity of our government'" (Christopher Ketcham, "The Last Round-Up," *RadarOnline*, May 15, 2008, http://circleof13.blogspot.com/2008/05/last-roundup.html). Cf. President's Radio Address, December 15, 2005, http://www.whitehouse.gov/news/releases/2005/12/20051217.html: "The activities I authorized are reviewed approximately every 45 days. Each review is based on a fresh intelligence assessment of terrorist threats to the continuity of our government and the threat of catastrophic damage to our homeland."

95. Robert Parry, "Gonzales Questions *Habeas Corpus*," *Baltimore Chronicle*, January 19, 2007.

96. *9/11 Commission Report*, 38, 326; Scott, *The Road to 9/11*, 228–29.

97. White House Notice of September 20, 2007, http://www.whitehouse.gov/news/releases/2007/09/20070920-9.html.

98. White House Press Release, September 10, 2009, http://www.whitehouse.gov/the_press_office/Notice-of-continuation-from-the-president-regarding-the-emergency-declared-with-respect-to-the-September-11-2001-terrorist-attacks. A press briefing by Obama's spokesman Robert Gibbs the same day did not mention the extension.

99. Jerome Corsi, "Bush Makes Power Grab," *WorldNetDaily*, May 23, 2007, http://www.worldnetdaily.com/news/article.asp?ARTICLE_ID=55824.

100. Congressional Research Service Report for Congress, "National Emergency Powers," updated August 30, 2007, p. 10ss, http://www.fas.org/sgp/crs/natsec/98-505.pdf.

101. *Washington Post*, May 10, 2007.

102. Scott, *The Road to 9/11*, 183–87, citing James Mann, "The Armageddon Plan," *Atlantic Monthly*, March 2004, http://www.theatlantic.com/doc/prem/200403/mann; James Mann, *The Rise of the Vulcans: The History of Bush's War Cabinet* (New York: Viking, 2004), 138–45; Bamford, *A Pretext for War*, 70–74. Cf. Peter Dale Scott, "Congress, the Bush Administration and Continuity of Government Planning: The Showdown," *CounterPunch*, March 31, 2008, http://www.counterpunch.org/scott03312008.html.

103. Scott, *The Road to 9/11*, 184; Ross Gelbspan, *Break-Ins, Death Threats, and the FBI: The Covert War against the Central America Movement* (Boston: South End Press, 1991), 184.

Chapter 10: Obama and Afghanistan

1. John Nichols, "Obama's Campaign Merits a Peace Prize," *The Nation* (blogs), October 10, 2009, http://www.thenation.com/blogs/thebeat/482916/obama_s_campaign_merits_a_peace_prize.

2. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 65–69.

3. Scott, *The Road to 9/11*, 66–67.

4. Scott, *The Road to 9/11*, 67–68, referring to the Rumsfeld Commission to Assess the Ballistic Missile Threat to the United States. Cf. Len Colodny and Tom Schachtmen, *The Forty Years War: The Rise and Fall of the Neocons, from Nixon to Obama* (New York: HarperCollins, 2009), 365–66.

5. Thomas H. Johnson and M. Chris Mason, "Refighting the Last War: Afghanistan and the Vietnam Template," *Military Review*, November–December 2009, 1.

6. Johnson and Mason, "Refighting the Last War," 5, citing Jeffrey Record, "How America's Own Military Performance in Vietnam Aided and Abetted the 'North's' Victory," in *Why the North Won the Vietnam War*, ed. Marc Jason Gilbert (New York: Palgrave, 2002), 119.

7. *New York Times*, October 28, 2009.

8. Stanley Karnow, *Vietnam: A History* (New York: Penguin, 1997), 239; A. J. Langguth, *Our Vietnam* (New York: Simon and Schuster, 2000), 99; Alfred W. McCoy, *The Politics of Heroin* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), 203 (drugs).

9. McCoy, *The Politics of Heroin*, 203.

10. Gareth Porter, "Tajik Grip on Afghan Army Signals New Ethnic War," *IPS News*, November 28, 2009, http://www.ipsnews.net/news.asp?idnews=49461. Cf. James Denselow, "How National Is the Afghan Army?" *Guardian*, October 2, 2009. In February 2010 the U.S. Marines launched Operation Moshtarak in Marja, at the heart of the Pashtun province of Helmand. As the U.S. press noted, "Moshtarak" means "Together"—not in Pashtun, however, but in Dari.

11. Spencer Tucker, *Vietnam* (Lexington: University Press of Kentucky, 1999), 87.

12. Eric Bergerud, *The Dynamics of Defeat: The Vietnam War in Hau Nghia Province* (Boulder, CO: Westview Press, 1991), 3, quoted in Johnson and Mason, "Refighting the Last War," 5.

13. Thomas H. Johnson, "Ismail Khan, Heart, and Iranian Influence," *Strategic Insights*, July 2004, http://www.ccc.nps.navy.mil/si/2004/jul/johnsonJul04.asp.

14. Johnson and Mason, "Refighting the Last War," 7–8.

15. Rory Stewart, "Afghanistan: What Could Work," *New York Review of Books*, January 14, 2010, 62.

16. Rory Stewart, "The Irresistible Illusion," *London Review of Books*, July 9, 2009, http://www.lrb.co.uk/v31/n13/rory-stewart/the-irresistible-illusion.

17. Gretchen Peters, *Seeds of Terror: How Heroin Is Bankrolling the Taliban and Al Qaeda* (New York: Thomas Dunne Books/St. Martin's Press, 2009), 127–29.

18. The southern provinces were administered directly by a *résident supérieur* in Vientiane who also supervised—but indirectly—the quasi-independent northern Kingdom of Louangphrabang.

19. Corruption within the USAID program (or boondoggle) in Laos, centered about bribes paid by CIA contractor Willis Bird, produced a congressional investigation. See Peter Dale

Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 196; Martin E. Goldstein, *American Policy toward Laos*, 186–87; U.S. Congress, House, *U.S. Aid Operations in Laos*, House Report No. 546, 86th Cong., 1st sess. (Washington, DC: Government Printing Office, 1959).

20. *Time*, March 17, 1961; discussion in Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 78.

21. *Guardian* (London), October 14, 1971. Cf. McCoy, *The Politics of Heroin*, 320–21.

22. Cf. Leslie H. Gelb and Richard K. Betts, *The Irony of Vietnam: The System Worked* (Washington, DC: Brookings Institution Press, 1979).

23. Mark Moyar, *Triumph Forsaken: The Vietnam War, 1954–1965* (New York: Cambridge University Press, 2006).

24. McCoy, *The Politics of Heroin*, 300.

25. John Prados, *Lost Crusader: the Secret Wars of CIA Director William Colby* (New York: Oxford University Press, 2003), 168.

26. Scott, *Drugs, Oil, and War*, 40.

27. Martin Stuart-Fox, *A History of Laos* (Cambridge: Cambridge University Press, 1997), 7.

28. I agree with the following assessment by Thomas H. Johnson: "The characterization of Afghanistan by the 19th Century British diplomat Sir Henry Rawlinson as 'consist[ing] of a mere collection of tribes, of unequal power and divergent habits, which are held together more or less closely, according to the personal character of the chief who rules them. The feeling of patriotism, as it is known in Europe, cannot exist among Afghans, for there is no common country' is still true today and suggests critical nuances for any realistic Afghanistan reconstruction and future political agenda" (Thomas H. Johnson, "Ismail Khan, Heart, and Iranian Influence," *Strategic Insights*, July 2004, http://www.ccc.nps.navy.mil/si/2004/jul/johnsonJul04.asp).

29. Railways approach Afghanistan from the north, east, south, and west. The only two with foothold terminals in Afghanistan itself are those built by the Soviet Union in the 1980s, from Uzbekistan and Turkmenistan.

30. McCoy, *The Politics of Heroin*, 461, citing interview with Dr. David Musto.

31. David Musto, *New York Times*, May 22, 1980, quoted in McCoy, *The Politics of Heroin*, 462.

32. Diego Cordovez and Selig S. Harrison, *Out of Afghanistan: The Inside Story of the Soviet Withdrawal* (New York: Oxford University Press, 1995), 16, quoted in Scott, *The Road to 9/11*, 77.

33. Douglas Little, *American Orientalism: The United States and the Middle East since 1945* (Chapel Hill: University of North Carolina Press, 2002), 223; Cordovez and Harrison, *Out of Afghanistan*, 16–17, 23–28.

34. Scott, *The Road to 9/11*, 77–79; Little, *American Orientalism*, 150.

35. Scott, *Drugs, Oil, and War*, 46, 49; McCoy, *The Politics of Heroin*, 475–78.

36. *New York Times*, March 13, 1994.

37. Robert D. Kaplan, *Soldiers of God: With Islamic Warriors in Afghanistan and Pakistan* (New York: Random House, 1990), 68–69.

38. See discussion in Scott, *The Road to 9/11*, 73–75, 117–22.

39. Brzezinski, e.g., writes that "I pushed a decision through the SCC to be more sympathetic to those Afghans who were determined to preserve their country's independence" (Brzezinski, *Power and Principle: Memoirs of the National Security Advisor, 1977–1981* [New York: Farrar, Straus, Giroux, 1983], 427). On the same page he writes that "I also consulted with the Saudis and the Egyptians regarding the fighting in Afghanistan." He is silent about the early, decisive, and ill-fated contact with Pakistan.

40. Cordovez and Harrison, *Out of Afghanistan*, 163.

41. M. Emdad-ul Haq, *Drugs in South Asia: From the Opium Trade to the Present Day* (New York: Palgrave, 2000), 188. According to a contemporary account, Americans and Europeans started becoming involved in drug smuggling out of Afghanistan from the early 1970s; see Catherine Lamour and Michel R. Lamberti, *The International Connection: Opium from Growers to Pushers* (New York: Pantheon, 1974), 190–92.

42. McCoy, *The Politics of Heroin*, 447.

43. McCoy, *The Politics of Heroin*, 458; Michael Griffin, *Reaping the Whirlwind: The Taliban Movement in Afghanistan* (London: Pluto Press, 2001), 148 (labs); Emdad-ul Haq, *Drugs in South Asia*, 189 (ISI).

44. Scott, *The Road to 9/11*, 73–75, citing McCoy, *The Politics of Heroin*, 475 (leading drug lords), 464 (60 percent).

45. McCoy, *The Politics of Heroin*, 461–64, 474–80; Lawrence Lifshultz, "Inside the Kingdom of Heroin," *The Nation*, November 14, 1988; Peters, *Seeds of Terror*, 37–39.

46. Ralph Blumenthal, *Last Days of the Sicilians* (New York: Pocket Books, 1988), 119, 314.

47. John K. Cooley, *Unholy Wars: Afghanistan, America, and International Terrorism* (London: Pluto Press, 1999), 128–29; Jonathan Beaty and S. C. Gwynne, *The Outlaw Bank: A Wild Ride into the Secret Heart of BCCI* (New York: Random House, 1993), 305–6.

48. Beaty and Gwynne, *The Outlaw Bank*, 306, cf. 82; see also Stéphane Allix, *La petite cuillère de Schéhérazade* (Paris: Ramsay, 1998), 35, 95; Peters, *Seeds of Terror*, 45–46.

49. Maureen Orth, *Vanity Fair*, March 2002, 170–71. A Tajik sociologist added that she knew that "drugs were massively distributed at that time" and that she often heard how Russian soldiers were "invited to taste."

50. *USA Today*, January 12, 2009.

51. *Newsweek*, April 7, 2008, http://www.newsweek.com/id/129577.

52. *Times of India*, November 29, 1999.

53. Steve Coll, *Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden, from the Soviet Invasion to September 10, 2001* (New York: Penguin, 2004), 536.

54. Philip Smucker, *Al Qaeda's Great Escape: The Military and the Media on Terror's Trail* (Washington, DC: Brassey's, 2004), 9. On December 4, 2001, *Asia Times* reported that a convicted Pakistani drug baron and former parliamentarian, Ayub Afridi, was also released from prison to participate in the U.S. invasion of Afghanistan (http://www.atimes.com/ind-pak/CL04Df01.html); Scott, *The Road to 9/11*, 125.

55. Peter Dale Scott, "Afghanistan, Colombia, Vietnam: The Deep Politics of Drugs and Oil," http://www.peterdalescott.net/qov.html.

56. U.S. Congress, Senate, *Minority Saff Report for Permanent Subcommittee on Investigations Hearing on Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities*, November 9, 1999, http://hsgac.senate .gov/110999_report.htm. These figures are both much used and much disputed. But even if the real figures are only half those estimated by the Senate report, dirty money would appear to be a structural part of the U.S. economy. Those who deny this remind me of the economists who, as late as the 1950s, argued that U.S. foreign trade (then listed at about 2 percent of gross national product) was too small to be a significant element in the U.S. gross national product. No one would make that argument today.

57. *Independent* (London), February 29, 2004. Cf. Michel Chossudovsky, "The Spoils of War: Afghanistan's Multibillion Dollar Heroin Trade," *Global Research*, May 5, 2005, http://www.globalresearch.ca/articles/CHO404A.html.

58. James Petras, "'Dirty Money' Foundation of U.S. Growth and Empire," *La Jornada*, May 19, 2001, Narco News, http://www.narconews.com/petras1.html.

59. Asad Ismi, "The Canadian Connection: Drugs, Money Laundering and Canadian Banks," AsadIsmi.ws, http://www.asadismi.ws/cancon.html. The Bank of Boston laundered as much as $2 million from the trafficker Gennaro Angiulo and eventually paid a fine of $500,000 (*New York Times*, February 22, 1985; Eduardo Varela-Cid, *Hidden Fortunes: Drug Money, Cartels and the Elite Banks* [Sunny Isles Beach, FL: El Cid Editor, 1999]).

60. Rajeev Syal, "Drug Money Saved Banks in Global Crisis, Claims UN Advisor," *Observer*, December 13, 2009, http://www.guardian.co.uk/global/2009/dec/13/drug -money-banks-saved-un-cfief-claims.

61. RAND Corporation, "How Terrorist Groups End: Implications for Countering al Qa'ida," Research Brief, RB-9351-RC, 2008, http://www.rand.org/pubs/research _briefs/RB9351/index1.html.

62. Gilles Dorronsoro, "Focus and Exit: An Alternative Strategy for the Afghan War," Carnegie Endowment for International Peace, January 2009, http://carnegieen dowment.org/files/afghan_war-strategy.pdf.

63. Michael T. Klare, *Resource Wars: The New Landscape of Global Conflict* (New York: Henry Holt, 2001), quoted in David Michael Smith, "The U.S. War in Afghanistan," *The Canadian*, April 19, 2006, http://www.agoracosmopolitan.com/home/ Frontpage/2006/04/19/01181.html, emphasis added. Cf. Scott, *The Road to 9/11*, 169–70.

64. Scott, *The Road to 9/11*, 166, 170; Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (New Haven, CT: Yale University Press, 2001), 159–80. Senator

Hank Brown was a supporter of the Unocal project and welcomed the fall of Kabul as a chance for stable government (Rashid, *Taliban*, 166).

65. Brooke Shelby Briggs, "The Taliban, Unocal and a Pipeline," Pacific News Service, http://130.94.183.89/magazine/pipeline.html.

66. BBC, September 18, 2001.

67. Chalmers Johnson, *The Sorrows of Empire: Militarism, Secrecy and the End of the Republic* (New York: Metropolitan/Henry Holt, 2004), 176.

68. Phyllis Bennis, "Annotate This: President Obama's Afghanistan Escalation Speech," Institute of Policy Studies, Foreign Policy in Focus, December 2, 2009, http://www.fpif.org/articles/annotate_this_president_obamas_afghanistan_escalation_speech. Amy Goodman, summarizing an important article by Jeremy Scahill in *The Nation*, has reported that "Blackwater is also said to be involved in a previously undisclosed U.S. military drone campaign that has killed scores of people inside Pakistan. Blackwater operatives have been working under a covert program run by the Joint Special Operations Command, the military's top covert operations force. The previously undisclosed JSOC operations would mark the first known confirmation of U.S. military activity inside Pakistan. A military intelligence source said Blackwater operatives are effectively running the drone bombings for both JSOC and the CIA. The CIA drone program is already public knowledge. But the military source says some of the deadliest drone attacks in attributed to the CIA were actually carried out by JSOC. The article also reveals Blackwater operatives have taken part in ground operations with Pakistani forces under a subcontract with a local security firm. The operations have included house raids and border interdictions in northwest Pakistan and other areas. Blackwater has also been given responsibility for planning JSOC operations in Uzbekistan" (Democracy Now, November 24, 2009, http://www.democracynow.org/2009/11/24/blackwaters_secret_war_in_pakistan_jeremy).

69. Stewart, "The Irresistible Illusion."

70. Stewart, "Afghanistan," emphasis added.

71. Andrew Bacevich, Democracy Now, December 2, 2009, http://www.democracynow.org/2009/12/2/vietnam_vet_scholar_andrew_bacevichon_obama.

72. Democracy Now, December 2, 2009.

73. Andrew Bacevich, "Obama, Tell Me How This Ends," *New York Daily News*, December 23, 2009, http://www.nydailynews.com/opinions/2009/12/23/2009-12-23_obama_tell_me_how_this_ends_is_afghanistan_just_a_new_war_of_attrition.html?page=1.

74. An article in the *New York Times* reports a new army history of the Afghan War in support of counterinsurgency doctrine: "This year, a resurgent Taliban prompted the current American commander, Gen. Stanley A. McChrystal, to warn that the war would be lost without an infusion of additional troops and a more aggressive approach to counterinsurgency. President Obama agreed, ordering the deployment of 30,000 more troops, which will bring the total American force to 100,000" (*New York Times*, December 31, 2009).

75. "Deep Events and the CIA's Global Drug Connection," 911Truth, http://911truth.org/article.php?story=20081012142525948.

76. U.S. Congress, Senate, *Minority Saff Report for Permanent Subcommittee on Investigations Hearing on Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities* (November 9, 1999), http://hsgac.senate.gov/110999_report.htm.

77. William Byrd and Christopher Ward, "Afghanistan: Drug Industry and Counter-Narcotics Policy," Report to the World Bank, November 28, 2006, http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21133060~pagePK:146736~piPK:146830~theSitePK:223547,00.htr

78. Australian journalist Michael Ware, *Time* magazine's correspondent in Kandahar, "Afghanistan—America's Blind Eye," ABC/TV (Australia), April 10, 2002, Reporter: Mark Corcoran, http://www.mickware.info/2002/files/2b3c5632e1c8fa1ad68b6f83ae91a8c3-93.php.

79. Kirk Kraeutler, "U.N. Reports That Taliban Is Stockpiling Opium," *New York Times*, November 27, 2008.

80. Jeremy R. Hammond, "New York Times Misleads on Taliban Role in Opium Trade," *Foreign Policy Journal*, November 29, 2008, http://www.foreignpolicyjour

nal.com/2008/11/29/new-york-times-misleads-on-taliban-role-in-opium-trade: "The *Times* misleads on other counts, as well. The UNODC does suggest that opium is being stockpiled as one possible explanation for why costs haven't dropped in direct correlation with the vast over-supply. Mr. Costa has said that 'Lack of price response in the opium market can only be the result of stock build-ups, and all evidence points to the Taliban.' But Mr. Costa himself appears to be politicizing the report's actual findings with this remark. The market price of opium against the estimated supply does suggest stocks are being withheld, and the Taliban does profit from the trade. But there appears to be only this circumstantial evidence that the Taliban is responsible for the theoretical stockpiling; and even if we assume that stockpiling is indeed taking place, there are also non-Taliban warlords and drug lords who may be responsible."

81. "Afghanistan: Drug Industry and Counter-Narcotics Policy," Report to the World Bank, November 28, 2006, http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21133060~pagePK:146736~piPK:146830~theSitePK:223547,00.htm emphasis added.

82. London *Daily Mail*, July 21, 2007.

83. Matthieu Aikins, "The Master of Spin Boldak," *Harper's*, December 2009, http://harpers.org/archive/2009/12/0082754.

84. *Independent* (London), April 13, 2006; James Nathan, "Ending the Taliban's Money Stream: U.S. Should Buy Afghanistan's Opium," *Washington Times*, January 8, 2009.

85. *Afghanistan News*, December 23, 2005, http://www.afghanistannewscenter.com/news/2005/december/dec232005.html.

86. *Independent*, March 9, 2009, http://www.independent.co.uk/news/world/asia/former-warlord-to-fight-karzai-in-afghanistan-polls-1640164.html#mainColumn. When Obama visited Afghanistan in 2008, Gul Agha Sherzai was the first Afghan leader he met. The London *Observer* reported on July 21, 2002, that in order to secure his acceptance of the new Karzai government, Gul Agha Sherzai, along with other warlords, had "been 'bought off' with millions of dollars in deals brokered by US and British intelligence."

87. Mark Corcoran, Australian Broadcasting Company, 2008, http://www.abc.net.au/foreign/blog_mark.htm. "In an affidavit in his criminal case, he traced a history of cooperating with U.S. officials, including the CIA, dating to 1990. In early 2002, following the U.S. invasion of Afghanistan, Noorzai said he turned over to the U.S. military 15 truckloads of Taliban weapons, including "four hundred anti-aircraft missiles of Russian, American and British manufacture" (Tom Burghardt, "The Secret and (Very) Profitable World of Intelligence and Narcotrafficking," *DissidentVoice*, January 2, 2009, http://www.dissidentvoice.org/2009/01/the-secret-and-very-profitable-world-of-intelligence-and-narcotrafficking). Cf. James Risen, *State of War: The Secret History of the CIA and the Bush Administration* (New York: Free Press, 2006), 165–66.

88. *USA Today*, October 26, 2004. Noorzai was finally arrested in New York in 2005, having come to this country at the invitation of a private intelligence firm, Rosetta Research. The U.S. media reports of his arrest did not point out that Rosetta had failed to supply Noorzai the kind of immunity usually provided by the CIA (*Washington Post*, December 27, 2008, http://www.washingtonpost.com/wp-dyn/content/article/2008/12/26/AR2008122602099.html; *New York Sun*, January 29, 2008, http://www.nysun.com/foreign/justice-dept-eyes-us-firms-payments-to-afghan/70371).

89. Personal communication, December 29, 2009, citing UNODC reports of 2008 and 2009; cf. *New York Times*, October 22, 2009.

90. Sibel Edmonds and Philip Giraldi, "Found in Translation: FBI Whistleblower Sibel Edmonds Spills Her Secrets," *The American Conservative,* January 28, 2008, http://www.amconmag.com/article/2008/jan/28/00012. Others have written about the ties between U.S. intelligence and the Turkish narcointelligence connection; see, e.g., Daniele Ganser, *NATO's Secret Armies: Operation Gladio and Terrorism in Western Europe* (London: Frank Cass, 2005), 224–41; Martin A. Lee, "Turkey's Drug-Terrorism Connection," *ConsortiumNews*, January 25, 2008, http://www.consortiumnews.com/2008/012408a.html.

91. London *Sunday Times*, January 6, 2008, http://www.timesonline.co.uk/tol/news/world/middle_east/article3137695.ece: "'If you made public all the information that the FBI have on this case, you will see very high-level people going through criminal trials,' she said."

92. Risen, *State of War*, 154.

93. Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars behind the Terror Networks* (New York: Seven Stories Press, 2005), 90–97: "While the ISI trained Islamist insurgents and supplied arms, Turkey, Saudi Arabia, several Gulf states and the Taliban funded them. . . . Each month, an estimated 4–6 metric tons of heroin are shipped from Turkey via the Balkans to Western Europe" (90, 96).

94. Scott and Marshall, *Cocaine Politics*, x–xi.

95. *International Herald Tribune*, January 25, 2009, http://www.iht.com/articles/reuters/2009/01/25/europe/OUKWD-UK-FINANCIAL-UN-DRUGS.php. Cf. *Daily Telegraph* (London), January 26, 2009.

96. James Risen, "U.S. to Hunt Down Afghan Lords Tied to Taliban," *New York Times*, August 10, 2009: "United States military commanders have told Congress that . . . only those [drug traffickers] providing support to the insurgency would be made targets."

97. Nick Mills, *Karzai: The Failing American Intervention and the Struggle for Afghanistan* (Hoboken, NJ: Wiley, 2007), 79.

98. *New York Times*, October 27, 2009.

99. Douglas Valentine, *The Strength of the Pack: The People, Politics and Espionage Intrigues That Shaped the DEA* (Springfield, OR: TrineDay, 2009), 333.

100. Shaun McCanna, "It's Easy for Soldiers to Score Heroin in Afghanistan," *Salon*, August 1, 2007, http://www.salon.com/news/feature/2007/08/07/afghan_heroin. Cf. Megan Carpentier, "Is The Military Ignoring the Heroin Problem in the Ranks?" AirAmerica.com, October 20, 2009, http://airamerica.com/politics/10-20-2009/military-ignoring-its-heroin-problem/?p=all; Gerald Posner, "The Taliban's Heroin Ploy," *The Daily Beast*, October 19, 2009, http://www.thedailybeast.com/blogs-and-stories/2009-10-19/the-heroin-bomb/full.

101. Valentine, *The Strength of the Pack*, 171, cf. 103.

102. General Mahmut Gareev, "Afghan Drug Trafficking Brings US $50 Billion a Year," *RussiaToday*, August 20, 2009, http://russiatoday.com/Top_News/2009-08-20/afghanistan-us-drug-trafficking.html.

103. Jeremy R. Hammond, "Pakistan: General Hamid Gul on Destabilizing Pakistan," *Foreign Policy Journal*, August 27, 2009, http://axisoflogic.com/artman/publish/Article_56790.shtml.

104. "Occupiers Involved in Drug Trade: Afghan Minister," *PressTV*, November 1, 2009, http://www.presstv.ir/detail.aspx?id=110130&sectionid=351020403.

105. See William Blum, "The Anti-Empire Report, No. 6," January 6, 2010, http://killinghope.org/bblum6/aer77.html; Rick Rozoff, "2010: U.S. to Wage War throughout the World," *StopNATO*, December 31, 2009, http://rickrozoff.wordpress.com/2009/12/31/2010-u-s-to-wage-war-throughout-the-world.

Chapter 11: Conclusion

1. This was always true but has been hastened by digital technology. Sandra Braman has described how the welfare states are being progressively displaced by informational states, the latter being defined as states in which governmental bureaucracies "deliberately, explicitly, and consistently *control* information creation, processing, flows, and use to exercise power" (Sandra Braman, *Change of State: Information, Policy and Power* [Cambridge, MA: MIT Press, 2006], 1, emphasis added).

2. A good survey of what others have called the trend toward "authoritarianism," "inverted totalitarianism" (Sheldon Wolin), or "soft" or "friendly fascism" (Bertram Gross) can be found in Henry A. Giroux, "Democracy and the Threat of Authoritarianism: Politics beyond Barack Obama," *Truthout*, February 15, 2010, http://www.truthout.org/democracy-and-threat-authoritarianism-politics-beyond-barack-obama56890.

3. For example, an intelligent overview of Afghan history by Paul Fitzgerald and Elizabeth Gould endorses the sane proposal of the Senlis Council, an international think tank, that "would see the conversion of Afghan opium into medicine, with the ultimate beneficiary being the rural Afghan villager" (Paul Fitzgerald and Elizabeth Gould, *Invisible History:*

Afghanistan's Untold Story [San Francisco: City Lights Books, 2009], 322). But sanity does not guide the formation of narcotics policy, highly positioned traffic protectors do (as David Musto discovered in 1980).

4. Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: The CIA, Drugs, and Armies in Central America* (Berkeley: University of California Press, 1998), 180.

5. David S. Hilzenrath, "Hill Panel Finds No Evidence Linking Contras to Drug Smuggling," *Washington Post*, July 22, 1987.

6. Alexander Cockburn and Jeffrey St. Clair, *Whiteout: The CIA, Drugs, and the Press* (London: Verso, 1998), 31.

7. U.S. Congress, *Report of the Congressional Committees Investigating the Iran/Contra Affair*, 100th Cong., 1st Sess., House Report No. 100-433, 630–31. The staff report was published as Appendix E to the minority House Republican report submitted by then-Congressman Dick Cheney.

8. Peter Dale Scott, *Drugs, Contras and the CIA: Government Policies and the Cocaine Economy: An Analysis of Media and Government Response to the Gary Webb Stories in the* San Jose Mercury News *(1996–2000)* (Los Angeles: From the Wilderness Publications, 2000), http://www.drugwar.com/cv4.shtm, citing CIA, Office of Inspector General, *Report of Investigation Concerning Allegations between CIA and Contras in Trafficking Cocaine to the United States,* January 19, 1998, paras. 237, 287, 308, 1099.

9. See discussion in Scott and Marshall, *Cocaine Politics*, 125–77, esp. 142–46.

10. Ben Bradlee Jr., *Guts and Glory: The Rise and Fall of Oliver North* (New York: D.I. Fine, 1988), 426; Scott and Marshall, *Cocaine Politics*, 145.

11. Scott and Marshall, *Cocaine Politics*, 41–42 and passim, quoting *Newsweek*, May 13, 1985.

12. *9/11 Commission Report*, 171. I find this statement one-sided and misleading but less so than the opposite claim of Yossef Bodansky: "The annual income of the Taliban from the drug trade is estimated at $8 billion. Bin Laden administers and manages these funds—laundering them through the Russian mafia" (Yossef Bodansky, *Bin Laden: The Man Who Declared War on America* [New York: Random House/Prima, 2001], 315).

13. "US 'Seizes al-Qaeda Drugs Ship,'" BBC News, December 19, 2003.

14. E.g., CBS News, March 11, 2004.

15. CBS News, April 14, 2004: "Investigators say the explosives were obtained from criminals who took drugs as payment. And proceeds from drug sales also paid for detonators, cell phones, a car and a rented apartment."

16. *9/11 Commission Report*, 72; discussion in Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley: University of California Press, 2007), 141–47, 155–60.

17. *New York Times*, July 20, 1993. Cf. J. R. de Szigethy, "Crime Scene—World Trade Center," AmericanMafia.com, September 2004, http://www.americanmafia.com: "The murders [from the 1993 WTC bombing] were the result of a plot by members of an organized crime syndicate involved in drug trafficking."

18. Ahmed Rashid, *Descent into Chaos: The United States and the Failure of Nation Building in Pakistan, Afghanistan, and Central Asia* (New York: Viking, 2008), 320.

19. Rashid, *Descent into Chaos*, 427.

20. James Risen, *State of War: The Secret History of the CIA and the Bush Administration* (New York: Free Press, 2006), 154, 160–63.

21. Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003). Referring to the protection of the drug traffic in this fashion and to the court orders prohibiting her from speaking out about it, Sibel Edmonds has asked the following pertinent questions: "Is this due to the fact that the existence and survival of many U.S. allies; Turkey, almost all Central Asian nations, and after the September Eleven attack, Afghanistan; greatly depend on cultivating, processing, transporting, and distributing these illegal substances? Is it caused by the fact that a major source of income for those who procure U.S. weapons and technology, our military industrial complex's bread and butter, is being generated from this illegal production and illegal dealings? Or, is it the fear of exposing our own financial institutions, lobbying firms, and certain elected and appointed officials, as beneficiaries?" (Sibel Edmonds, "The Highjacking of a Nation," National Security Whistleblowers Coalition, November 29, 2006, http://nswbc.org/Op%20Ed/Part2-FNL-Nov29-06.htm).

22. In describing this split between public and covert policies, I am not suggesting that the CIA is a "rogue agency." As I have written elsewhere, the CIA is an institution reflecting the wishes of the country's financial element, which, in Franklin D. Roosevelt's memorable phrase, "has owned the government ever since the days of Andrew Jackson" (Scott, *The Road to 9/11*, 1–7).

23. "You Created the Taliban, Pakistan's President Tells His Critics in the US," *Daily Telegraph* (London), December 12, 2009: "In its fight against the Soviets, the US supported the most radical elements within the mujahideen, who would later become the Taliban and al-Qaeda. When the Soviets were defeated and left in 1989, the US abandoned Pakistan and created a vacuum in Afghanistan, resulting in the current horror."

24. Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Metropolitan/Henry Holt, 2007).

25. Cockburn and St. Clair, *Whiteout*, 265–69, 285–90, http://aangirfan.blogspot.com/2005/05/drugs-business-in-indonesia.html.

26. Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* (Boston: Houghton Mifflin, 1992), 135–37, 384; Bartholomew B. J. Henderson, *A Conflict of Interest: "Fraud and the Collapse of Titans"* (Bloomington, IN: IUniverse, 2002), 214.

27. Paul Thompson, *The Terror Timeline: Year by Year, Day by Day, Minute by Minute* (New York: HarperCollins/Regan Books, 2004), 259.

28. *Washington Post*, February 17, 2002, http://www.library.cornell.edu/colldev/mideast/qdagold.htm.

29. U.S. Congress, Senate, *Minority Staff Report for Permanent Subcommittee on Investigations Hearing on Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities*, November 9, 1999, http://hsgac.senate.gov/110999_report.htm.

30. Ahmed Rashid, "The Taliban: Exporting Extremism," *Foreign Affairs* 78, no. 6, (November–December 1999): 21–35.

31. Misha Glenny, *McMafia: A Journey through the Global Criminal Underground* (New York: Knopf, 2008), 122–44. Ibrahim has been trafficking drugs since 1993, after he was forced to flee India.

32. Gretchen Peters, *Seeds of Terror: How Heroin Is Bankrolling the Taliban and Al Qaeda* (New York: Thomas Dunne Books/St. Martin's Press, 2009), 165.

33. Peters, *Seeds of Terror*, 165.

34. U.S. Treasury Fact Sheet, "Dawood Ibrahim," http://www.ustreas.gov/press/releases/reports/fact_sheet.pdf; Peters, *Seeds of Terror*, 166.

35. "A Godfather's Lethal Mix of Business and Politics," *U.S. News*, November 27, 2005. However, Ibrahim also had influence and protection in India and the United Arab Emirates, even before being picked up by the ISI. After a 2003 wave of bombings in Mumbai, the police in Dubai twice, at India's request, picked up Dawood Ibrahim's brother Anees. And twice, thanks to the Ibrahim's influence with the ruling families of the United Arab Emirates, Anees was then released.

36. *Times of India*, July 30, 2007.

37. *Times of India*, August 7, 2007.

38. *Times of India*, March 28, 2008, http://timesofindia.indiatimes.com/India/ISI_reach_will_expand_with_D-Company_merger/articleshow/2905397.cms: "'Many members of Dawood's gang have been indoctrinated and trained in the use of weapons in the Bahawalpur centre of the LeT near Lahore. Funds are being raised by investments in real estate and SRA projects in Mumbai and through smuggling of diesel and other essential commodities through the western coast spanning from Raigad to Mangalore along the Arabian Sea. We have warned Delhi about the smuggling being carried out by the Dawood gang with impunity,' a security official said."

39. Jeremy Hammond, "Role of Alleged CIA Asset in Mumbai Attacks Being Downplayed," *Foreign Policy Journal*, December 10, 2008, http://onlinejournal.com/artman/publish/article_4113.shtml.

40. Yoichi Shimatsu, "Was Criminal Mastermind behind the Mumbai Attacks?" http://theragblog.blogspot.com/2008/11/was-criminal-mastermind-behind-mumbai.html. operations; cf. Milt Bearden, *The Main Enemy: The Inside Story of the CIA's Final Showdown with the KGB* (New York: Random House, 2003), 94–95.

41. “Alleged Terrorism Plotter David Headley,” *Time*, December 9, 2009.

42. “Mumbai Terror Suspect David Headley Was ‘Rogue US Secret Agent,’” *Times* (London), December 17, 2009, http://www.timesonline.co.uk/tol/news/world/asia/article6960182.ece. Cf. *National Post* (Canada), December 17, 2009.

43. E.g., *Washington Post*, December 3, 2008: “In a speech Tuesday [December 2], U.S. Director of National Intelligence Mike McConnell said U.S. intelligence believes the group that attacked trains in Mumbai in 2006 is the same one that carried out last week’s strike. Although he did not name the group, India has attributed the train bombing to Lashkar, and McConnell’s remarks appeared to be a corroboration of Indian findings that Lashkar is once again to blame.”

44. James Mills, *Underground Empire: Where Crime and Governments Embrace* (New York: Dell, 1986), 789. Mills also quotes General Tuan as saying that the Thai Border Patrol Police (BPP) “were totally corrupt and responsible for transportation of narcotics.” Mills comments, “This was of some interest, since the BPP, a CIA creation, was known to be controlled by SRF, the Bangkok CIA station” (Mills, *Underground Empire*, 780). For details on the CIA–BPP relationship in the 1980s, see Douglas Valentine’s account (from DEA sources) (*The Strength of the Pack: The People, Politics and Espionage Intrigues That Shaped the DEA* [Springfield, OR: TrineDay, 2009], 254–55.

45. R. T. Naylor, *Hot Money and the Politics of Debt* (New York: Linden/Simon and Schuster, 1987), 267.

46. Peters, *Seeds of Terror*, 165, emphasis added, citing interview with Robert Charles, May 23, 2007.

47. U.S. Congress, Senate, Minority staff report for Permanent Subcommittee on Investigations Hearing on Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities, November 9, 1999, http://hsgac.senate.gov/110999_report.htm.

48. In 1998 Zardari was tried in a Pakistani court on charges of drug trafficking, but he was acquitted in 2008 (*Dawn*, May 20, 2008, http://www.dawn.com/2008/05/20/top8.htm).

49. U.S. Congress, Senate, Minority staff report for Permanent Subcommittee on Investigations Hearing on Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities, November 9, 1999, http://hsgac.senate.gov/110999_report.htm.

50. Tom Burghardt, “Organized Crime, Intelligence and Terror: The D-Company’s Role in the Mumbai Attacks,” *Global Research*, December 13, 2008, http://www.globalresearch.ca/index.php?context=va&aid=11385.

51. Pepe Escobar, “The Secrets of Obama’s Surge,” *Asia Times Online*, April 2, 2009, http://www.atimes.com/atimes/South_Asia/KD02Df03.html.

52. Aftab Maken, “TAPI Gas Pipeline Finalized,” *The News* [Pakistan], April 25, 2008, http://www.thenews.com.pk/top_story_detail.asp?Id=14300.

53. “Progress on TAPI Pipeline in Doubt,” UPI, June 18, 2008, http://www.upi.com/Energy_Resources/2009/06/18/Progress-on-TAPI-pipeline-in-doubt/UPI-29261245335324/. Cf. *The Hindu*, October 18, 2008, http://www.hindu.com/2008/10/18/stories/2008101859541000.htm; *Eurasianet*, March 26, 2009, http://www.eurasianet.org/departments/news/articles/eav032609c.shtml.

54. Bruce Pannier, “What Are The Prospects for Iran-Pakistan ‘Pipeline of Peace’?” Radio Free Europe, May 25, 2009, http://www.rferl.org/content/What_Are_The_Prospects_For_IranPakistan_Pipeline_Of_Peace/1739236.html.

55. As Ahmed Rashid quotes in *Taliban*, “Peace can bring a pipeline, but a pipeline cannot bring peace” (Ahmed Rashid, *Taliban* [New Haven, CT: Yale University Press, 2001], 169).

56. Peters, *Seeds of Terror*, 227–28. In fact, the so-called Senlis proposal to buy the crop envisages the creation of new markets in Third World countries that cannot presently afford opiates for medical purposes.

57. Glenny, *McMafia*, 226–27.

58. A vivid memory from my six months in Washington is a congressman thumping his desk on hearing the word “legalization” and spluttering, “I will not have that word spoken in this committee.” Subsequently I learned that his law firm in New York represented, I am sure lucratively, Louis Cirillo, who by 1970 was said to be “responsible for roughly twenty percent of the heroin consumed in America” (Valentine, *The Strength of the Pack*, 141).

59. “[The U.S. missile attacks] have caused sadness; but the mujahideen network is

strengthened by it, not weakened by it. The blood of martyrs will create more martyrs. Because of these attacks, the number of mujahideen brothers has increased, not decreased. The U.S., the enemy, had planned to besiege the Taliban in Afghanistan and terminate the Islamic movement of the Taliban; but after that the mujahideen emerged from this side [in Pakistan]; they could not finish them off. Whenever there is an attack here [in Waziristan], the number of mujahideen swells." (Mullah Nazeer Ahmad, the emir of the Taliban Mujahideen in Pakistan's tribal district of South Waziristan, February 2009 interview, reprinted in Middle East Media Research Institute, Special Dispatch No. 2392, June 10, 2009, http://www.memri.org/bin/articles.cgi
?Page=archives&Area=sd&ID=SP239209).

60. Laura Kasinof, "A New Base? Al Qaeda Rises in Yemen," *Christian Science Monitor*, June 20, 2009, http://abcnews.go.com/International/story?id=7880681&page=1. Erich Schmitt and David E. Sanger, "Some in Qaeda Leave Pakistan for Somalia and Yemen," *New York Times*, June 11, 2009.

61. *New York Times*, June 2, 2009.

62. *New York Times*, November 9, 2009.

63. "While the bombers may have been inspired by Bin Laden, a two-year investigation into the attacks has found no evidence that al-Qa'ida helped plan, finance or carry out the bombings, or even knew about them in advance" (*Independent* [London], November 7, 2006); cf. James J. F. Forest, ed., *Countering Terrorism and Insurgency in the 21st Century* (Westport, CT: Praeger Security International, 2007), 439: "Trading in hashish and ecstasy was critical to the operation and paid for cars, safe houses, and explosives."

64. Peter Dale Scott, "'Continuity of Government' Planning: War, Terror, and the Supplanting of the U.S. Constitution," *The Asian-Pacific Journal: Japan Focus*, May 2010, http://japanfocus.org/_Peter_Dale-Scott/3362; Peter Dale Scott, "To All Readers: Help Force Congress to Observe the Law on National Emergencies!!!" (with Dan Hamburg), March 24, 2009, http://www.911truth.org/article.php?story=20090324183053848#r7.

65. Alfred W. McCoy, *The Politics of Heroin* (Chicago: Lawrence Hill Books/Chicago Review Press, 2003), 16, 191.

66. McCoy, *The Politics of Heroin*, 93, 431. After the final American withdrawal in 1975, Laotian production continued briefly to rise, thanks to the organizational efforts of Khun Sa, a drug trafficker whom Thailand was relying on as protection against the communists in Burma and Vientiane (McCoy, *The Politics of Heroin*, 428–31).

67. Peter Dale Scott, "Honduras, the Contra Support Networks, and Cocaine: How the U.S. Government Has Augmented America's Drug Crisis," in *War on Drugs: Studies in the Failure of U. S. Narcotic Policy*, ed. Alfred W. McCoy and Alan A. Block (Boulder, CO: Westview Press, 1992), 126–27. I presented these remarks at a University of Wisconsin conference.

68. *International Narcotics Control Strategy Report, 1999*, released by the Bureau for International Narcotics and Law Enforcement Affairs, U.S. Department of State, Washington, DC, March 2000, http://www.state.gov/www/global/narcotics
_law/1999_narc_report. Production has since decreased but is still well above 1990 levels.

69. Richard Holbrooke, "Breaking the Narco-State," *Washington Post*, January 23, 2008, http://www.washingtonpost.com/wp-dyn/content/article/2008/01/22/
AR2008012202617.html.

70. I use "jihadi salafism," an admittedly clumsy expression, in place of the more frequently encountered "Islamism" or "Islamic fundamentalism"—both of which terms confer on jihadi salafism a sense of legitimacy and longtime history that I do not believe it deserves. The jihadi salafism I am talking about, with roots in Wahhabism and Deobandism, can be seen in part as a response to British and American influence in India and the Muslim world. Osama bin Laden points to the earlier example of Imam Taki al-Din ibn Taymiyyah in the thirteenth century, but ibn Taymiyyah's jihadism was in reaction to the Mongol ravaging of Baghdad in 1258. As I have demonstrated elsewhere, history abundantly shows that "outside interventions are likely if not certain, in any culture, to produce reactions that are violent, xenophobic, and desirous of returning to a mythically pure past" (Scott, *The Road to 9/11*, 260–61).

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About the Author

Peter Dale Scott, a former Canadian diplomat and professor of English at the University of California, Berkeley, is a poet, writer, and researcher. His diplomatic service included two years of work at UN conferences and the UN General Assembly and two years in Poland.

His most recent political books are *The Road to 9/11: Wealth, Empire, and the Future of America* (2007) and *The War Conspiracy: JFK, 9/11 and the Deep Politics of War* (2008).

Other political books have focused on war, covert operations, the politics of crime, and the international drug traffic. They include *The Politics of Escalation in Vietnam* (in collaboration, 1966), *Deep Politics and the Death of JFK* (1993), *The United States and the Overthrow of Sukarno, 1965–1967* (published four times in Indonesian), *The Iran-Contra Connection* (in collaboration, 1987), *Cocaine Politics: Drugs, Armies, and the CIA in Central America* (in collaboration, 1991), and *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (2003).

Further books on the John F. Kennedy assassination include *Crime and Cover-Up: The CIA, the Mafia, and the Dallas-Watergate Connection* (1977), *Deep Politics Two: Essays on Oswald, Mexico and Cuba* (1995), and (coedited) *The Assassinations: Dallas and Beyond* (1976).

He is also a poet and in 2002 received the Lannan Poetry Award. His poetry volumes include *Mosaic Orpheus* (2009), *Coming to Jakarta: A Poem about Terror* (1989), *Listening to the Candle: A Poem on Impulse* (1992), *Crossing Borders: Selected Shorter Poems* (1994), and *Minding the Darkness: A Poem for the Year 2000* (October 2000). The former U.S. poet laureate Robert Hass has written (*Agni* 31/32: 335) that "*Coming to Jakarta* is the most important political poem to appear in the English language in a very long time."